

BOARD of SUPERVISORS



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## MEMORANDUM

TO: Greg Wagner, City Controller, Office of the Controller

FROM: Victor Young, Assistant Clerk, Rules Committee  
Board of Supervisors

A handwritten signature in black ink that reads "Victor Young".

DATE: July 9, 2024

SUBJECT: CHARTER AMENDMENT INTRODUCED  
November 5, 2024, Election

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The Board of Supervisors' Rules Committee has received the following Charter Amendment for the November 5, 2024, Election. This matter is being **re-referred** to you in accordance with Rules of Order 2.22.3.

File No. 240544 (ver2)

Charter Amendment (Second Draft) to amend the Charter of the City and County of San Francisco to define the term "Full-Duty Sworn Officer"; modify the criteria for establishing recommended staffing levels for sworn officers; change the requirement for the Chief of Police to submit a staffing report from every two years to every three years; and establish a new voluntary Deferred Retirement Option Program ("DROP") for the period from July 2025 - July 2030, for eligible members of the Police Department (in the rank of officer, sergeant, or inspector) that allows those members to earn additional deferred compensation in the Retirement System for up to 60 months in exchange for agreeing to perform neighborhood patrol or investigative work; at an election to be held on November 5, 2024.

Please review and prepare a financial analysis of the proposed measure before the next Rules Committee Meeting.

If you have any questions or concerns, please call me at (415) 554-7723 or email: victor.young@sfgov.org. To submit documentation, please email or forward to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c: Natasha Mihal, Office of the Controller  
Janice Levy, Office of the Controller  
Greyson Spencer, Office of the Controller

**LEGISLATIVE DIGEST**

(Revised 7/8/2024)

[Charter Amendment - Police Staffing and Voluntary Deferred Retirement Option Program for the Police Department]

**Describing and setting forth a proposal to the voters at an election to be held on November 5, 2024, to amend the Charter of the City and County of San Francisco to define the term “Full-Duty Sworn Officer”; modify the criteria for establishing recommended staffing levels for sworn officers; change the requirement for the Chief of Police to submit a staffing report from every two years to every three years; and establish a new voluntary Deferred Retirement Option Program (“DROP”) for the period from July 2025 – July 2030, for eligible members of the Police Department (in the rank of officer, sergeant, or inspector) that allows those members to earn additional deferred compensation in the Retirement System for up to 60 months in exchange for agreeing to perform neighborhood patrol or investigative work.**

Existing Law

Charter Section 4.127 describes the Police Department, including the method by which the department must, every two years, use a workload methodology to establish a recommended minimum number of police officers for the City. The Police Commission is required to consider that recommendation when approving the Police Department’s proposed budget. Currently, the Charter does not define “Full-Duty Sworn Officers” for purposes of recommended staffing levels.

Charter Section A8.900 through A8.910 were approved by the voters in 2008 to establish a deferred retirement option program (“DROP”) for an initial three-year period. In 2011, the Board voted not to renew the DROP. Although these sections remain in the Charter, they currently have no legal effect.

Amendments to Current Law

The proposed Charter Amendment would change the current process by which the Police Chief makes staffing recommendations to the Police Commission by defining Full-Duty Sworn Officer to mean full-time sworn members of the Department except those assigned to the San Francisco International Airport, those on long-term leaves of absence, and Police Academy recruits, and changing the frequency of the report from every two years to every three years.

This proposed Charter Amendment would also reestablish the DROP, for an initial five-year period beginning on July 1, 2025. Thereafter, and every five years until the DROP expires, the Board would be required to vote whether to reauthorize the DROP for an additional five years. If a motion to reauthorize the DROP fails, the program would expire.

Only certain members of the Police Department in the ranks of Officer, Sergeant, and Inspector would be eligible to participate in the DROP, and only if they have at least 25 years of service credit – including service credit granted to lateral transfers – and are at least 50 years old. Members participating in the DROP would also be required to agree to be assigned to district stations within the Field Operations Bureau to perform patrol work, or to the Investigative Bureau to conduct investigations. The Board would be authorized to limit the number of DROP participants.

Participants in the DROP would continue working for the Police Department, but would not be eligible for promotions. They would continue to draw a salary, but would also receive a DROP Account within the Retirement System, into which the City would deposit the pension payments the participant would have otherwise been receiving if they had retired. Those deposits will earn 4% interest, and the funds in the DROP Account will only be made available to the member at the conclusion of their participation in the DROP.

DROP participants who become disabled during their participation may be eligible for disability retirement, but would be required to terminate their participation in the DROP and forfeit their existing DROP contributions. Similarly, members who are temporarily unable to perform the required duties of a DROP participant would not be permitted to participate in the program during the time there are incapacitated, but may be eligible to extend their participation in the DROP for up to 30 months. Participants who end their participation in the DROP and take a distribution from their DROP account would not be eligible for a disability pension.

### Background Information

This legislative digest reflects amendments made by the Rules Committee on July 8, 2024. Specifically, the Rules Committee revised the measure, as introduced, to eliminate the minimum staffing requirement.

In 1994, voters amended the Charter to adopt a specific mandatory staffing number (1,971). In 2020, the voters amended the Charter to remove the mandatory staffing number and to replace it with the requirement that the Police Department use a workload methodology to establish a minimum staffing recommendation every two years.

In 2008, voters approved a DROP for certain members of the police department, including Lieutenants and Captains. Eligible members were permitted to participate in the DROP for up to 36 months and were permitted to remain in their existing assignments. The original DROP was authorized for three years and was not extended by the Board.

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1 [Charter Amendment - Police Staffing and Voluntary Deferred Retirement Option Program for  
2 the Police Department]

3 **Describing and setting forth a proposal to the voters at an election to be held on November**  
4 **5, 2024, to amend the Charter of the City and County of San Francisco to define the term**  
5 **“Full-Duty Sworn Officer”; modify the criteria for establishing recommended staffing**  
6 **levels for sworn officers; change the requirement for the Chief of Police to submit a staffing**  
7 **report from every two years to every three years; and establish a new voluntary Deferred**  
8 **Retirement Option Program (“DROP”) for the period from July 2025 – July 2030, for**  
9 **eligible members of the Police Department (in the rank of officer, sergeant, or inspector)**  
10 **that allows those members to earn additional deferred compensation in the Retirement**  
11 **System for up to 60 months in exchange for agreeing to perform neighborhood patrol or**  
12 **investigative work.**

13  
14 Section 1. Findings.

15 (a) In the wake of an unprecedented global pandemic that strained emergency and public  
16 safety responder staffing everywhere — one of several factors leading to a nationwide decline in  
17 police recruitment numbers — cities like San Francisco struggle to recruit new officers and  
18 offset the unusually high number of retirements facing our Police Department.

19 (b) In testimony before the Board of Supervisors in 2023, a San Francisco Police  
20 Department (“SFPD” or “Police Department”) commander described the City’s police  
21 understaffing crisis as “catastrophic for the Department if we cannot balance the attrition,”  
22 warning that: “We are losing members at a far faster rate than we are hiring, and this pattern will  
23 continue, and that gap will continue to widen for the next few years — unless we are able to do  
24 something drastic.”

25 (c) Chronic police understaffing enables elevated levels of public disorder and public  
nuisance, which continue to overwhelm many parts of San Francisco. These problems include

1 open-air drug scenes, brazen street-level drug dealing, deteriorating street conditions, vehicular  
2 and commercial smash-and-grabs, retail thefts and street-level fencing in stolen goods, graffiti  
3 and malicious vandalism, and myriad property crimes plaguing numerous San Francisco  
4 neighborhoods and tourist destinations. These conditions hinder San Francisco’s post-COVID-19  
5 economic recovery and fuel a public health crisis in drug overdose fatalities.

6 (d) In March 2017, the Board of Supervisors adopted a resolution urging the Police  
7 Commission to form a Task Force, in collaboration with the Chief of Police, on Strategic Police  
8 Staffing for the purpose of determining the best methodology for establishing SFPD staffing  
9 levels. That Task Force endeavored to determine SFPD staffing levels using a workload  
10 methodology based on the demand for police services rather than utilizing other metrics such as  
11 population size.

12 (e) In 2020, San Francisco voters amended the Charter to require the Police Department  
13 to submit a report and recommendations to the Police Commission every two years using the  
14 workload methodology and directed the Police Commission to use the report to inform the  
15 approval of the Police Department’s budget.

16 (f) The workload-based process, developed in partnership with an outside independent  
17 consultant, produced an initially recommended SFPD staffing level of 2,176 full-duty sworn  
18 officers (in 2021), which was subsequently revised to 2,182 sworn officers (in 2022) and then to  
19 2,074 sworn officers (in 2023).

20 (g) Although the City has made worthwhile progress in recent years to develop a  
21 workload-based methodology to calculate the number of full-duty officers required to meet San  
22 Francisco’s policing needs, SFPD’s full-duty staffing level has dropped precipitously — by more  
23 than 23% — since 2020. Given the added urgency presented by the impending retirement of  
24 many officers, adjusting the method for establishing recommended minimum SFPD staffing  
25

1 levels — together with incentives to defer looming retirements with a focus on increasing  
2 deployments for patrol work and investigations — is prudent public policy.

3 (h) The urgency of addressing San Francisco’s chronic police understaffing crisis is not  
4 limited to public safety imperatives. It is creating needlessly expensive and wasteful  
5 inefficiencies, requiring significant overtime to run a short-staffed Police Department. In recent  
6 fiscal years, overtime has accounted for as much as 20% of SFPD’s entire salary budget. The  
7 reliance on overtime also burdens an already-understaffed workforce, increasing the risk of  
8 officer burnout and taking a toll on the physical and mental well-being of officers and their  
9 families.

10 (i) The City has made strides in hiring by approving the most competitive entry-level  
11 wages for new officers in the entire Bay Area. Additionally, through April of 2024, SFPD has  
12 made notable progress in recruiting lateral hires from other law enforcement agencies, with  
13 nearly one-in-four sworn officer hires having prior experience and certification in policing.

14 (j) Because lateral hires require significantly less time than newly hired recruits to  
15 qualify for deployment, this Charter Amendment aims to incentivize additional lateral hiring. It  
16 does so by extending to lateral hires the opportunity to apply their prior service toward eligibility  
17 for a new voluntary Deferred Retirement Option Program (“DROP”), thereby enhancing the  
18 value of a program historically focused on retention to new recruits as well.

19 (k) In 2008, the voters approved a Charter Amendment establishing the original DROP  
20 for certain members of the SFPD who had served at least 25 years and who were at least 50 years  
21 old. A deferred retirement program, like DROP, is a program that allows an employee who is  
22 eligible to retire to continue working while simultaneously drawing a pension. In the original  
23 DROP, participating officers would continue working at their prior salary and benefits while the  
24 City placed their monthly pension into an interest-bearing account (at 4% annual interest) that  
25 the employee would receive at the end of their participation in the DROP. During their

1 participation in the DROP, officers were ineligible for promotion and the additional time served  
2 would not count towards added pension benefits. The original DROP was discontinued in 2011.

3 (l) Drawing on lessons from the previous DROP as well as best practices from other  
4 jurisdictions across California, this proposal contains significant reforms that: (1) limit DROP  
5 eligibility to the frontline ranks of officer, sergeant and inspector, with supervisory ranks from  
6 lieutenant through chief ineligible for the program, (2) require DROP participants to perform  
7 neighborhood patrol or investigation work, and (3) require participants to remain actively  
8 working for SFPD during their participation to address certain abuses observed in other  
9 jurisdictions.

10 (m) This Charter Amendment aims to accelerate favorable public safety impacts and  
11 help San Francisco achieve full police staffing by (1) restoring police staffing levels to the  
12 Charter and carrying forward the spirit of the 2020 Charter Amendment by periodically updating  
13 this number based on a scientific workload analysis, and (2) establishing a voluntary DROP  
14 program that would be offered to eligible members of the Police Department, to attract and retain  
15 sworn officers who will be deployed to district stations for patrol or investigative work.

16  
17 Section 2. The Board of Supervisors hereby submits to the qualified voters of the City  
18 and County, at an election to be held on November 5, 2024, a proposal to amend the Charter of  
19 the City and County by revising Sections 4.127 and replacing expired text in Sections A8.900  
20 through A8.910 to read as follows:

21 NOTE: **Unchanged Charter text** is in plain font.  
22 **Additions** are *single-underline italics Times New Roman font*.  
23 **Deletions** are ~~*strike-through italics Times New Roman font*~~.  
24 **Asterisks (\* \* \* \*)** indicate the omission of unchanged Charter  
25 subsections.

1 **SEC. 4.127. POLICE DEPARTMENT.**

2 The Police Department shall preserve the public peace, prevent and detect crime, and  
3 protect the rights of persons and property by enforcing the laws of the United States, the State of  
4 California, and the City and County.

5 The Chief of Police may appoint and remove at pleasure special police officers.

6 The Chief of Police shall have all powers which are now or that may be conferred upon  
7 a sheriff by state law with respect to the suppression of any riot, public tumult, disturbance of the  
8 public peace, or organized resistance against the laws or public authority.

9 DISTRICT POLICE STATIONS. The Police Department shall maintain and operate  
10 district police stations. The Police Commission, subject to the approval by the Board of  
11 Supervisors, may establish additional district stations, abandon or relocate any district station, or  
12 consolidate any two or more district stations.

13 BUDGET. Monetary awards and settlements disbursed by the City and County as a  
14 result of police action or inaction shall be taken exclusively from a specific appropriation listed  
15 as a separate line item in the Police Department budget for that purpose.

16 POLICE STAFFING.

17 By no earlier than October 1 and no later than November 1 in 2025 and every ~~odd~~  
18 ~~numbered-third~~ calendar year thereafter, the Chief of Police shall transmit to the Police  
19 Commission a report describing the ~~D~~department's current number of ~~full-duty sworn officers~~  
20 Full-Duty Sworn Officers and recommending staffing levels of ~~full-duty sworn officers~~ Full-Duty  
21 Sworn Officers ~~infor~~ for the subsequent ~~two~~ three fiscal years. Full-Duty Sworn Officers means full-  
22 time sworn members of the Department except those assigned to the San Francisco International  
23 Airport, those on long-term leaves of absence, and Police Academy recruits. The report shall  
24 include an assessment of the Police Department's overall staffing, the workload handled by the  
25 ~~d~~Department's employees, the ~~d~~Department's public service objectives, the ~~d~~Department's legal



1 duties, and other information the Chief of Police deems relevant to determining proper staffing  
2 levels of Full-Duty Sworn Officers ~~full-duty sworn officers~~. The report shall evaluate and make  
3 recommendations regarding staffing levels at all district stations and in all types of jobs and  
4 services performed by ~~full-duty sworn officers~~ Full-Duty Sworn Officers. By no later than July 1  
5 in 2028 and every odd-numbered third calendar year thereafter, the Police Commission shall  
6 adopt a policy prescribing the methodologies that the Chief of Police may use in evaluating  
7 staffing levels, which may include consideration of factors such as workload metrics, the  
8 Department’s targets for levels of service, ratios between supervisory and non-supervisory  
9 positions in the Department, progress toward the Department’s “30 by 30 Pledge” to increase  
10 the representation of women in police academy recruit classes to 30% by 2030 and to ensure  
11 that police policies and culture intentionally support the success of women officers throughout  
12 their careers, whether particular services require a fixed number of hours, and other factors the  
13 Police Commission determines are best practices or otherwise relevant. The Chief of Police may,  
14 but is not required by this Section 4.127 to, submit staffing reports regarding ~~full-duty sworn~~  
15 ~~officers~~ Full-Duty Sworn Officers to the Police Commission more frequently than every three  
16 ~~even-numbered~~ years.

17 Beginning in 2025, ~~t~~The Police Commission shall hold a public hearing regarding the  
18 Chief of Police’s staffing report by December 31 in every year in which the Chief of Police  
19 submits a staffing report between October 1 and November 1 ~~odd-numbered calendar year~~. The  
20 Police Commission shall consider the Chief of Police’s most recent report in its consideration  
21 and approval of the Police Department’s proposed budget every fiscal year, ~~but the Commission~~  
22 ~~shall not be required to accept or adopt any of the recommendations in the report.~~

23 The Board of Supervisors is empowered to adopt ordinances necessary to effectuate the  
24 purpose of this ~~s~~Section 4.127 regarding staffing levels including but not limited to ordinances  
25 regulating the scheduling of police training classes.

1 Further, the Police Commission shall initiate an annual review and submit the following  
2 reports to the Board of Supervisors annually for the Board's review: (1) a report on progress,  
3 obstacles, and additional needs, if any, for the successful recruitment and retention of Full-Duty  
4 Sworn Officers and to achieve and maintain the Department's recommended staffing levels; (2)  
5 a report monitoring the progress toward the Department's "30 by 30 Pledge," as described  
6 above, including a description of the Department's recruitment plan and an outline of milestones  
7 to achieve the pledge's goals; and (3) a report on opportunities and plans to civilianize as many  
8 positions as possible ~~and submit that report to the Board of Supervisors annually for review and~~  
9 ~~approval.~~ Beginning on January 1, 2030, the Board of Supervisors may by ordinance amend the  
10 reporting requirements in this paragraph.

11 PATROL SPECIAL POLICE OFFICERS. The Commission may appoint patrol special  
12 police officers and for cause may suspend or dismiss patrol special police officers after a hearing  
13 on charges duly filed with the Commission and after a fair and impartial trial. Patrol special  
14 police officers shall be regulated by the Police Commission, which may establish requirements  
15 for and procedures to govern the position, including the power of the Chief of Police to suspend  
16 a patrol special police officer pending a hearing on charges. Each patrol special police officer  
17 shall be at the time of appointment not less than 21 years of age and must possess such physical  
18 qualifications as may be required by the Commission.

19 Patrol special police officers may be designated by the Commission as the owners of a  
20 certain beat or territory which may be established or rescinded by the Commission. Patrol special  
21 police officers designated as the owners of a certain beat or territory or the legal heirs or  
22 representatives of the owners may dispose of their interest in the beat or territory to a person of  
23 good moral character, approved by the Police Commission and eligible for appointment as a  
24 patrol special police officer.

1 Commission designation of beats or territories shall not affect the ability of private  
2 security companies to provide on-site security services on the inside or at the entrance of any  
3 property located in the City and County.

4  
5 **POLICE DEPARTMENT DEFERRED RETIREMENT OPTION PROGRAM ("DROP")**

6 **A8.900 PREAMBLE-ESTABLISHMENT AND PURPOSE OF PROGRAM.**

7 ~~—(a) It is critical to the health, the safety, and economic vitality of the City and County~~  
8 ~~of San Francisco, that the City be able to recruit new Police Officers, and retain veteran Police~~  
9 ~~Officers. Recent experience has demonstrated that the City's Police Department has had~~  
10 ~~difficulty recruiting qualified Police Officers, and, more significantly, has had difficulty retaining~~  
11 ~~the services of veteran Police Officers.~~

12 ~~—(b) There is a highly competitive labor market for the services of Police Officers.~~  
13 ~~Additionally, due to the historical hiring patterns in this Department, hundreds of Police Officers~~  
14 ~~will become eligible for normal service retirement in the next three to five years. The City Police~~  
15 ~~Department is already three hundred officers below the Charter mandated staffing level.~~

16 ~~—(c) In order to address this recruitment and this retention problem, through this~~  
17 ~~measure the voters establish a voluntary Deferred Retirement Option Program (DROP) which~~  
18 ~~would be offered to members of the Police Department in order to create an incentive for the~~  
19 ~~retention of experienced Police Officers, and as well, to attract new Officers.~~

20 ~~—(d) Specifically, as well, the voters intend that this Charter provision, if adopted, shall~~  
21 ~~be "cost neutral" to the City; that is, it shall not impose new costs upon the City as a~~  
22 ~~consequence of the participation by Police Officers in the DROP.~~

23 ~~—(e) Finally, in order that the cost impact of the DROP may be assessed, this measure~~  
24 ~~additionally provides that at the end of the third year after the implementation of the Program,~~  
25 ~~the Board of Supervisors, pursuant to data provided by the Police Department along with an~~

1 ~~analysis by the Controller of the City and County and the consulting actuary of the Retirement~~  
2 ~~Board, shall determine whether the Program has been cost neutral, and whether in light of its~~  
3 ~~achievement of the goals of the measure, it should be continued for an additional three year~~  
4 ~~term, and thereafter, subject to similar evaluations.~~

5 (a) Establishment. Sections A8.900 through A8.910 of the Charter hereby establish a  
6 voluntary Deferred Retirement Option Program (“DROP”).

7 (b) Purpose. The purpose of the DROP is to facilitate the retention and recruitment of  
8 police officers, with the ultimate goal of having a fully-staffed police force.

9  
10 **A8.901 ELIGIBILITY TO PARTICIPATE IN THE DEFERRED RETIREMENT**  
11 **OPTION PROGRAM.**

12 (a) Sworn members of the Police Department occupying the rank of Police Officer  
13 ~~(currently Classification Code Q2-Q4 as of 2024), Sergeant (currently Classification Code Q50-~~  
14 ~~Q52 as of 2024), or Inspector (currently Classification Code 0380-0382 as of 2024) at their date~~  
15 ~~of entry into the DROP Program, shall be eligible to participate in the DROP for up to a~~  
16 ~~maximum of 36 60 months from their date of entry into the DROP Program, provided they~~  
17 ~~otherwise meet the eligibility standards set forth in Section A8.901(eb). Sworn members of the~~  
18 ~~Police Department occupying the ranks of Sergeant (currently Q50—Q52) and Inspector~~  
19 ~~(currently 0380—0382) at their date of entry into the Program, shall be eligible to participate in~~  
20 ~~the DROP of up to a maximum of 24 months from their date of entry into the Program, provided~~  
21 ~~they otherwise meet the eligibility standards set forth in Section A8.901(c).~~

22 (b) ~~Sworn members of the Police Department occupying the ranks of Lieutenant~~  
23 ~~(currently Q60—Q62) and Captain (currently Q80—Q82) at their date of entry into the Program~~  
24 ~~shall be eligible to participate in the Program for a maximum of 12 months from their date of~~  
25 ~~entry into the Program, provided that they otherwise meet the eligibility standards set forth in~~

1 ~~Section A8.901(c). No sworn member of the Police Department occupying a rank above that of~~  
2 ~~Captain shall be eligible to participate in the Program.~~

3       —(e) To be eligible to participate in the DROP, a sworn member occupying one of the  
4 eligible ranks must additionally be an active employee of the San Francisco Police Department,  
5 have at least 25 years of service credit as a sworn member of the Department, including any  
6 service as a member of the San Francisco Airport Police or service credit granted through a  
7 lateral transfer; ~~and~~ be at least 50 years of age at the time of entry into the DROP Program; and  
8 ~~. Additionally, a member must~~ be either a “full-duty sworn officer Full-Duty Sworn Officer” as  
9 that term is ~~used~~ defined in Charter Section 4.127 or a member currently assigned to the San  
10 Francisco International Airport. Reciprocity must be established prior to participation in the  
11 DROP and the member must exit the DROP and retire from the reciprocal plan concurrently. As  
12 a condition of participation in the DROP, a sworn member shall agree to be assigned to a  
13 district station within the Field Operations Bureau to perform neighborhood patrol work, or to  
14 the Investigative Bureau to conduct investigations. As a condition of participation the sworn  
15 ~~member must~~ and shall further agree ~~to that they shall~~ terminate their employment with the City  
16 through retirement at the conclusion of their participation in the DROP Program.

17  
18       **A8.902 EFFECT OF DISABILITY ON CONTINUED PARTICIPATION.**

19       (a) If, after a member becomes a participant in the DROP, the member ~~shall~~ becomes  
20 incapacitated for the performance of duty by reason of any bodily injury received in or illness  
21 caused by the performance of duty, said member will be eligible to apply for a retirement for  
22 incapacity and be subject to the same eligibility requirements provided elsewhere in this Charter  
23 as though the participant was not enrolled in the DROP. If a member receives a retirement for  
24 this duty related incapacity, said retirement shall be in lieu of the benefits provided in accordance  
25 with these DROP provisions, and the participant shall be paid an industrial disability retirement

1 benefit as if the participant had never entered the DROP. Participation in the DROP terminates  
2 on the date the Retirement Board approves a DROP participant's application for disability  
3 retirement, after which no DROP distribution(s) shall be made. The DROP participant shall be  
4 paid an industrial disability retirement allowance as if they had never entered the DROP.

5 (b) If, after a member becomes a participant in the DROP, the member ~~shall~~ becomes  
6 incapacitated for the performance of duty by reason of any bodily injury received or illness not  
7 related to the performance of duty, said member will be eligible to apply to terminate  
8 participation in the DROP in accordance with Section A8.906. The participant will be paid the  
9 balance credited in their DROP Account, and will begin to receive a monthly payment as  
10 determined under Section A8.903, including any cost of living adjustments to which the member  
11 would otherwise be entitled.

12 (c) In the event a member ~~shall~~ becomes temporarily incapacitated for the performance  
13 of duty while participating in the DROP, the member is entitled to disability benefits only as  
14 provided for in this Charter. The member is thus no longer a "~~full-duty sworn officer,~~" as defined  
15 ~~in Section 4.127~~ eligible to participate in DROP under Section A8.901(eb), and therefore the  
16 member's service retirement payments will be suspended for the period during which disability  
17 benefits are received. The member's DROP enrollment shall be extended for the period during  
18 which disability benefits were received, provided that this extension may not exceed 30 months  
19 ~~one-half of the permitted maximum participation period for the rank occupied by the member at~~  
20 ~~the time of enrollment in the DROP.~~

21 (d) In the event a member who is participating in the DROP applies for a retirement  
22 for incapacity, and the application remains unresolved at the conclusion of their DROP  
23 participation period, that member must leave the DROP when their participation period  
24 concludes, but they shall be permitted to continue on disability status with the Department until  
25 such time as their application is finally determined. In no event, however, shall any such member

1 receive the distribution of their DROP Account until their disability retirement status is finally  
2 determined.

3 (e) Members waive any right to apply for or be granted a disability pension once they  
4 have taken distribution of the funds in their DROP account.

5  
6 **A8.903 THE EFFECT OF PARTICIPATION IN THE DROP UPON PENSION**  
7 **BENEFIT CALCULATIONS.**

8 Upon the voluntary entry of a qualified member into the DROP, that member's  
9 Retirement System benefits, including survivor benefits, shall be frozen, and shall not be  
10 increased as a result of any additional service time, increase in age or compensation earned by  
11 the member while they are participating in the DROP. During the period of a member's  
12 participation in the DROP, the monthly service pension payment described herein shall be  
13 increased by any cost of living adjustment to which the member would otherwise be entitled, if  
14 retired, during the period of their participation in the DROP, pursuant to the terms of the  
15 retirement plan which applies to the member.

16  
17 **A8.904 ESTABLISHMENT OF THE DROP ACCOUNT.**

18 (a) The DROP Account is an account established for book-keeping purposes within  
19 the Retirement System for each member who elects to enter the DROP.

20 (b) Commencing with the first pay period after the entry of a member into the DROP,  
21 and for each pay period thereafter so long as the member participates in the DROP, the service  
22 pension (including any Cost of Living Adjustments) to which the member would otherwise be  
23 entitled based on their compensation, age, and length of service as of their date of their entry into  
24 the Program, shall be credited monthly into a DROP Account established within the Retirement  
25 System for each individual participant.

1           (c) ~~A participating member, to the extent permitted by law and regulations established~~  
2 ~~by the Retirement Board and the Board of Supervisors, may direct the crediting into that~~  
3 ~~member's DROP Account the dollar value of any compensatory time off, accrued unused~~  
4 ~~vacation, or accrued Sick Pay, if any, to which the member may be entitled, in lieu of receiving a~~  
5 ~~payout of those amounts upon the date of entry into the DROP.~~

6           —(d)—The DROP Account into which the member's monthly service pension is credited  
7 shall also be credited on a monthly basis with interest at an annual effective rate of 4%~~four~~  
8 ~~percent~~ throughout the period of the member's participation in the DROP.

9  
10           **A8.905 RIGHTS OF SURVIVING SPOUSE, DOMESTIC PARTNER, OR**  
11 **DEPENDENTS.**

12           (a) If a member shall die by reason of an injury received in, or illness caused by the  
13 performance of duty during the period of their participation in the DROP, the member's qualified  
14 surviving spouse, qualified registered/certified domestic partner, or other qualified dependents  
15 provided for in this Charter shall receive a death allowance pursuant to the applicable provisions  
16 of the Charter as if the member had never elected to enter the DROP. Whichever of the member's  
17 qualified surviving spouse, qualified registered/certified domestic partner, or other qualified  
18 dependents provided for in this Charter is entitled to receive this allowance may, instead of  
19 receiving the benefit under this ~~paragraph~~subsection (a), elect to receive a non-work related  
20 death benefit as specified in subsection~~paragraph~~ (b) below.

21           (b) If a member shall die during the period of their participation in the DROP for non-  
22 work related causes, the surviving qualified spouse, qualified registered/certified domestic  
23 partner, or other qualified dependents provided for in this Charter, shall be entitled to a post-  
24 retirement continuation allowance, along with any amounts credited to the deceased member's  
25 DROP Account, determined as if the participant had elected to voluntarily withdraw from the



1 DROP under Section A8.906 on the participant's date of death. Such payments shall be made on  
2 the basis of beneficiary elections made by the member at the time of ~~their~~~~his or her~~ entry into  
3 DROP, and updated from time to time, as set forth in Section A8.905(d).

4 (c) In order for a surviving spouse or registered/certified domestic partner to be  
5 qualified for the monthly allowance described in this ~~s~~Section A8.905, the member must have  
6 been married, or have established a domestic partnership within the time limits specified by this  
7 Charter. In order for surviving dependents to be qualified for the monthly allowance described in  
8 this ~~s~~Section, such dependents must satisfy the requirements of the retirement provisions of this  
9 Charter. In any circumstance where the eligibility requirements specify the member's date of  
10 retirement, those requirements must be met at the date of entry into the DROP.

11 (d) A member who elects to participate in the DROP may designate a beneficiary for the  
12 proceeds of the member's DROP Account in writing, not later than the time of entry into the  
13 DROP. The member may change the designation at any time prior to the distribution of the  
14 DROP Account. If the designated beneficiary predeceases the participating member, and the  
15 member becomes deceased before designating a new beneficiary, any distribution of the  
16 proceeds of the DROP Account shall be made to the estate of the member, pursuant to law.

17 (e) Notwithstanding the above provisions, a member's designation of a DROP Account  
18 beneficiary shall be subject to community property obligations, if any, under applicable  
19 California law.

#### 21 **A8.906 TERMINATION OF PARTICIPATION IN THE DROP.**

22 ~~(a) A member's participation in the DROP shall be terminated, other than by death or~~  
23 ~~disability, by the first occurrence of any of the following: (1) the member's completion of the~~  
24 ~~applicable DROP participation period set forth in Section A8.901(a) or (b); (2) the member's~~  
25 ~~voluntary termination of employment while a DROP participant; (3) involuntary termination of~~

1 *the member's employment; provided, however, that distribution of the member's DROP Account*  
2 *shall be deferred during the pendency of any hearing or appeal of the member's termination of*  
3 *employment. Should the member be reinstated to employment, the member may continue to*  
4 *participate in the DROP for the full duration of the member's original participation period. Any*  
5 *time during which the member was excluded from DROP participation shall not be deducted*  
6 *from the member's maximum participation period set forth in Section A8.901(a) or (b).*

7 *(a) DROP participation shall be terminated by the first occurrence of any one of the*  
8 *following events:*

9 *(1) Upon the member's completion of the 60-month DROP participation period, or*  
10 *upon their voluntary exit from the DROP at any time during the participation period.*

11 *(2) Involuntary termination of employment. At the member's request, distribution of*  
12 *the DROP account will be withheld while the appeal of the member's termination is pending.*  
13 *Should the member be reinstated, the member may continue to participate in the DROP if the*  
14 *account has been withheld. The period of the DROP participation will continue under the terms*  
15 *of the original application.*

16 *(3) Death of the member.*

17 *(4) Approval of disability retirement benefits under the terms of this Charter.*

18 *(5) Voluntary termination of employment prior to the completion of the DROP*  
19 *participation period.*

20 *(b) No interest shall accrue after any one of the events set forth in subsection (a)*  
21 *terminating the DROP.*

1                   **A8.907 EMPLOYMENT STATUS OF THE MEMBER DURING**  
2 **PARTICIPATION IN THE DROP.**

3                   (a) During the period of a member’s participation in the DROP, the member shall  
4 continue to receive the regular compensation attached to the rank occupied by the member at the  
5 time of enrollment in the DROP Program, and the member shall have all of the rights, privileges,  
6 benefits, and obligations of employment, including health benefits, attached to said rank, and  
7 shall be subject to all of the other terms and conditions of active employment in their respective  
8 rank and assignment. No member shall be eligible for a promotion during the time of their  
9 participation in the DROP.

10                  (b) Notwithstanding the continued receipt by a participating member of the regular  
11 compensation and benefits attached to the rank and assignment which they occupy during their  
12 time in the DROP, no participating member shall receive service credit or compensation credit  
13 for retirement purposes pursuant to this Charter on account of their participation in the DROP.  
14 The member shall be subject to the employee contribution, as required by this Charter for all  
15 other active members of the Police Department, into the Retirement System. The City and  
16 County need not continue to make its required contributions for any DROP participant. Member  
17 contributions made during a participation in the DROP shall be deemed a contribution to the  
18 general assets of the Retirement System, and shall not be a part of the member’s DROP Account.

19  
20                   **A8.908 COMPLIANCE WITH TAX LAWS AND IMPLEMENTATION.**

21                  (a) It is the intent of the voters that the DROP shall not jeopardize in any way the tax  
22 qualified status of the Retirement System under Section 401 of the Internal Revenue Code of  
23 1986, as amended from time to time, including, but not limited to, Section 415 of the Code, as  
24 amended.

1 (b) The Board of Supervisors shall adopt ordinances to implement the DROP,  
2 including to repeal or amend Administrative Code Sections 16.63 through 16.63-10 as necessary  
3 and appropriate to conform to revisions in the DROP as enacted at the November 5, 2024  
4 election, and the Retirement Board shall adopt such rules as may be necessary to implement the  
5 DROP, regulate investment and distribution of the DROP contributions, establish forms and  
6 procedures for designating beneficiaries of the DROP Account, and all such other matters as may  
7 be necessary, in its discretion, to implement the Program, including the revisions as enacted at  
8 the November 5, 2024 election, by no later than July 1, 20082025 and to assure its tax-qualified  
9 character.

10  
11 **A8.909 DETERMINATION OF COST NEUTRALITY REAUTHORIZATION.**

12 (a) ~~The implementation of the DROP shall not result in any net increase in cost to the~~  
13 ~~City. This determination shall take into account the costs associated with payroll, the~~  
14 ~~expenditures associated with the recruitment and training of Police Officers, the costs of~~  
15 ~~conducting academies for such recruits and trainees, the Field Training Officer costs, the~~  
16 ~~retirement contributions made by members participating in the DROP, and the City, and the~~  
17 ~~City's share of the return on the investment of the DROP funds, along with any other cost or~~  
18 ~~savings elements related to the implementation of the Program. Notwithstanding this objective,~~  
19 ~~the DROP shall be given a sufficient trial period to determine whether, as implemented, it is~~  
20 ~~cost neutral to the City as so defined. By no later than December 15 in the fifth year after the~~  
21 ~~effective date of the DROP and every fifth year thereafter, the Board of Supervisors must act by~~  
22 ~~motion to either reauthorize the DROP for an additional five-year period without amendment,~~  
23 ~~or, if the reauthorization motion fails, allow it to expire.~~

24 (b) ~~Not later than April 15, in the third year after the effective date of the DROP, a~~  
25 ~~joint report prepared by the Controller of the City and the consulting actuary of the Retirement~~

1 ~~System documenting the net cost effect of the Program shall be submitted to the Board of~~  
2 ~~Supervisors, and the Board shall determine by majority vote whether, on the basis of said report,~~  
3 ~~the Program shall be renewed for an additional period of time as specified by the Board, but in~~  
4 ~~no event beyond an additional three years.~~

5 (b~~e~~) By no later than December 15 in the fifth year after the effective date of the  
6 DROP, the Board of Supervisors, pursuant to data provided by the Police Department along  
7 with an analysis by the Controller of the City and County and the consulting actuary of the  
8 Retirement Board, shall determine the cost of the DROP, and whether in light of its achievement  
9 of the goals of the measure, it should be continued for an additional five-year term, and  
10 thereafter, subject to similar evaluations. The ~~net cost effect of the DROP~~Program shall be  
11 ~~similarly~~ evaluated ~~periodically~~ thereafter, pursuant to a schedule established by ordinance  
12 adopted by the Board of Supervisors ~~by majority vote~~; provided, however, that in no event may  
13 such an evaluation be conducted less often than every ~~three~~ five years after the initial evaluation.

14 (c) The Board of Supervisors may by ordinance reduce or cap the number of new  
15 DROP requisitions available for the upcoming fiscal year. In setting any limit on the number of  
16 new DROP requisitions, the Board of Supervisors may consider the number of Full-Duty Sworn  
17 Officers then employed by the Police Department.

18 (d) If ~~the Board of Supervisors determines not to renew~~ the DROPProgram is not  
19 renewed by ordinance, those members then enrolled shall be permitted to complete their  
20 DROPProgram participation pursuant to the terms in effect when they entered into the  
21 DROPProgram.

22 (e) Should the DROP expire under subsection (a) and following the completion of  
23 participation in the DROP under subsection (d), the City Attorney may cause Sections A8.900  
24 through A8.910 to be removed from the Charter.

1                   **A8.910 WITHDRAWAL OR ROLLOVER OF DROP ACCOUNTS.**

2                   (a) Upon the termination or conclusion of a member's participation in the DROP, the  
3 member shall be paid a lump sum equal to the balance in the member's DROP Account, or,  
4 pursuant to the member's instructions, that balance shall be paid as a direct rollover into a  
5 qualified retirement plan. The Retirement Board shall establish rules, and may develop such  
6 forms as may be appropriate, regarding distribution of the DROP Account proceeds, the rollover  
7 of such proceeds into a qualified retirement plan, and the time periods within such which  
8 distributions may be made.

9                   (b) Upon the voluntary withdrawal of a member from the DROP, or the expiration of  
10 their participation period, the member shall be deemed to be retired on a service pension and  
11 shall then commence receiving directly the monthly service pension amount calculated pursuant  
12 to Section A8.903, including any cost of living adjustments to which the member would have  
13 been otherwise entitled during the time of their participation in the DROP, and shall, for all other  
14 purposes under this Charter and ~~§~~State law be deemed to be a retired member of the Police  
15 Department.

16  
17                   Section 3. At the February 5, 2008 election, the voters approved the addition of Sections  
18 A8.900 through A8.910 to the Charter, thereby establishing the Police Department Deferred  
19 Retirement Option Program (“DROP”). It was a program with an initial three-year term, and  
20 would expire unless extended by the Board of Supervisors. In 2011, following its initial three-  
21 year term, the DROP was not renewed by the Board of Supervisors, and thus expired by  
22 operation of law. But Sections A8.900 through A8.910 have remained physically in the Charter,  
23 albeit without legal effect.

24                   Notwithstanding the “NOTE” regarding fonts at the beginning of Section 2 of this  
25 measure, Sections A8.900-A8.910 of the Charter amendment have been prepared using fonts for

1 existing text and amendments to existing text, merely as a convenience and in recognition that  
2 the prior language was never physically removed from the Charter. The net effect is that the  
3 words in Section A8.900-A8.910 designated according to the “NOTE” as in plain font for  
4 “unchanged Charter text” and in single-underline italics Times New Roman font for “additions”  
5 constitute the text being adopted by the voters at the November 5, 2024 election.

6 APPROVED AS TO FORM:  
7 DAVID CHIU, City Attorney

8 By: /s/ \_\_\_\_\_  
9 TIM FAMA  
10 Deputy City Attorney

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