



# DEPARTMENT OF FIRE AND POLICE PENSIONS

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## REPORT TO THE BOARD OF FIRE AND POLICE PENSION COMMISSIONERS

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**DATE:** JUNE 20, 2019 **ITEM:** A.2

**FROM:** RAYMOND P. CIRANNA, GENERAL MANAGER

**SUBJECT:** CLOSE-OUT REPORT ON THE 2018-19 BUSINESS PLAN AND POSSIBLE BOARD ACTION

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### RECOMMENDATION

That the Board receive and file the Close-Out Report on the 2018-19 Business Plan.

### DISCUSSION

The 2018-19 Business Plan includes a total of nine projects that fit within the department's five Strategic Goals:

1. Ensure a Financially Sound Retirement System
2. Manage Risk Throughout the Organization
3. Enhance Customer Care & Stakeholder Relations
4. Pursue Operational Efficiencies
5. Build and Support a Talented Workforce

These primary goals help keep System resources focused on the most critical areas to ensure we successfully fulfill our Mission Statement:

*"To advance the health and retirement security of those who dedicate their careers and risk their lives to protect the people of Los Angeles."*

In accordance with Governance Policy 12.10 of the General Manager (GM) Performance Evaluation Policy, a Business Plan final status report shall be provided to the Board at the first meeting in July. This is intended to help the Board evaluate the success of the GM in completing Business Plan projects during the GM evaluation period (July 1 – June 30), which is a critical element of the Board's annual GM performance evaluation. This report is consistent with that Policy since the July 3, 2019 Special Board Meeting has been cancelled.

Attachment I displays the nine projects in a Dashboard format. Each project is grouped by goals and tracked by project status. While the Dashboard reflects eight of the nine projects as being completed or on budget and on schedule, the following should be noted.

Project No. 4 - PARIS (Pension and Retirement Information System) Implementation was originally scheduled to be completed by June 30, 2019. However, the project schedule was revised twice by the Board during the fiscal year (via the First Quarter Business Plan Update and Third Quarter Business Plan Update reports) to allow the project team to focus on addressing the critical fixes and reporting needs for Phase 4A (PARIS Implementation) and the timely deployment of Phase 4C (Member Self-Service Portal). Phase 4B (DocuShare and Workflow Integration) of the project was also deferred by the Board until December 31, 2019 (via the Third Quarter Business Plan Update report) to address the more critical work in Phases 4A and 4C.

Project No. 6 – Implementation of New Accounting Software was deferred to the 2019-20 Final Business Plan through the Board approval of the Second Quarter Business Plan Update report. This change was also necessary due to work associated with the PARIS Implementation and staff movement within the Accounting section.

Attachment II provides project details including the status of 2018-19 project milestones, overall project status, next steps and budgetary information.

**BUDGET**

There is no impact to the Budget.

**POLICY**

No policy changes are recommended.

**CONTRACTOR DISCLOSURE INFORMATION**

There is no contractor disclosure information required with this report.

This report was prepared by:

Diana Pointer, Manager  
Administrative Services Section

RPC:WSR:MTS:DP

- Attachments:     I. Close-Out Business Plan Dashboard  
                      II. Project Detail Reports

**DEPARTMENT OF FIRE AND POLICE PENSIONS  
2018-19 BUSINESS PLAN  
FOURTH QUARTER UPDATE (AS OF JUNE 30, 2019)**

**2018-19 BUSINESS PLAN DASHBOARD**

PROJECT TITLE	Overall Project Duration	2018-19 Milestone Dates	Overall Project Schedule	2018-19 Project Budget
<b>Goal 1 – Ensure a Financially Sound Retirement System</b>				
1. <i>NEW</i> – Research Strategies to Manage Health Care Costs and Implement a Communications Plan to Educate Members on Related Topics	2018-19	✓	✓	✓
<b>Goal 2 – Manage Risk Throughout the Organization</b>				
2. Private Equity Investment Fee Disclosure	2018-19	✓	✓	✓
3. <i>NEW</i> – Upgrade of Internet Security System	2018-19	✓	✓	✓
<b>Goal 3 – Enhance Customer Care &amp; Stakeholder Relations</b>				
4. PARIS (Pension and Retirement Information System) Implementation (1)	2015-16 2016-17 2017-18 2018-19 2019-20	●	●	●
5. <i>NEW</i> – Website Redesign	2018-19	✓	✓	✓
<b>Goal 4 – Pursue Operational Efficiencies</b>				
6. <i>NEW</i> – Implementation of New Accounting Software (2)	Defer to 2019-20	Defer to 2019-20	Defer to 2019-20	Defer to 2019-20
7. <i>NEW</i> – Pension Administration Benchmarking	2018-19	✓	✓	✓
<b>Goal 5 – Build and Support a Talented Workforce</b>				
8. <i>NEW</i> – Workforce Succession Planning	2018-19	✓	✓	✓
9. <i>NEW</i> – Investments Division Staff Instructional Program	2018-19	✓	✓	✓

(1) Milestone Dates revised in the First and Third Quarterly Update Reports.

(2) Project deferred to FY 2019-20 in the Second Quarterly Update Report.

<b>Legend:</b>	<span style="color: green;">●</span> On schedule or on budget
	<span style="color: yellow;">●</span> At risk of falling behind schedule or going over budget
	<span style="color: red;">●</span> Behind schedule/over budget
	✓ Project completed

**Project No. 1:**        **NEW – Research Strategies to Manage Health Care Costs and Implement a Communications Plan to Educate Members on Related Topics**  
**Lead Staff:**        **Eunice Zordilla, Manager, Medical & Dental Benefits**  
**Goal I:**                **Ensure a Financially Sound Retirement System**

On Track to Meet the Milestones?	Will the Project Schedule be Met?	Will the Project be Completed on Budget?
✓	✓	✓

**PROJECT OBJECTIVE:** To conduct research strategies and continue to work with the associations and unions to better manage retiree health care costs and determine possible ways to reduce costs and improve program administration.

2018-19 ADOPTED MILESTONES	STATUS OF 2018-19 MILESTONES
<p><b>BY SEPTEMBER 30, 2018:</b></p> <p>General Manager’s approval of member communications plan.</p>	<p><b><u>COMPLETED</u></b></p> <p>A comprehensive communications plan was developed to reach members through targeted outreach strategies.</p>
<p><b>BY JUNE 30, 2019:</b></p> <p>Completion of:</p> <ul style="list-style-type: none"> <li>a) Scheduled publications, web updates, and video posts;</li> <li>b) Research of strategies to manage health care costs;</li> <li>c) Implementation of a new Medicare Option for retirees; and</li> <li>d) The assessment of the retiree health plan program administration.</li> </ul>	<p><b><u>COMPLETED</u></b></p> <p>This fiscal year, LAFPP published 1 special edition newsletter, articles for the active and retired newsletters, web updates focused on retiree healthcare program-related topics. On August 16, 2018, LAFPP’s health consultant, USI, presented a benchmark study of Board approved health plans. On September 6, 2018, USI presented a proposed LAFPP managed Kaiser Permanente HMO plan. On April 4, 2019, the Board approved a new LAPRA Medicare Advantage HMO plan, to add to the UFLAC Medicare Advantage PPO and HMO plans that were approved on October 18, 2018.</p>

**OVERALL PROJECT STATUS:** Completed

All related project deliverables have been completed.

**Project No. 1:**      ***NEW – Research Strategies to Manage Health Care Costs and Implement a Communications Plan to Educate Members on Related Topics***

**NEXT STEPS:**

Although specific deliverables associated with researching strategies to manage health care costs and implement a communications plan to educate members on related topics have been completed, the Board's evaluation and oversight of the retiree healthcare program is ongoing. The developed communications plan can continue to serve as a template for ongoing member education and awareness. Additionally, annual assessment of the retiree health and dental plans have been included as part of the terms of the contracts with LAFRA, LAPRA, UFLAC, and LAPPL.

**BUDGET:** On-Budget

**Project No. 2:** *Private Equity Investment Fee Disclosure*  
**Lead Staff:** *Tom Lopez, Chief Investment Officer, Investments Division*  
**Goal II:** *Manage Risk Throughout the Organization*

On Track to Meet the Milestones?	Will the Project Schedule be Met?	Will the Project be Completed on Budget?
✓	✓	✓

**PROJECT OBJECTIVE:** To annually provide the Board with specified information relating to the fees and returns of specified alternative investments.

2018-19 ADOPTED MILESTONES	STATUS OF 2018-19 MILESTONES
<p><b>BY DECEMBER 31, 2018:</b></p> <p>Staff will prepare and present to the Board a Private Equity Fee Disclosure Report for the 2017 calendar year. Subsequent reports will be presented before the end of each calendar year and will cover the preceding calendar year.</p>	<p><b><u>COMPLETED</u></b></p> <p>The Private Equity Report was presented to the Board on October 4, 2018.</p>

**OVERALL PROJECT STATUS:** Completed

The Private Equity Fee Disclosure Report for the 2017 calendar year was presented to the Board on October 4, 2018.

**NEXT STEPS:**

Staff will present an annual Private Equity Fee Disclosure Report as required by law covering the preceding calendar year before the end of each calendar year. The next report, for the 2018 calendar year, will be presented by December 31, 2019.

**BUDGET:** On-Budget

**Project No. 3:**        **NEW – Upgrade of Internet Security System**  
**Lead Staff:**        **Bob Yan, Director of Systems, Systems Section**  
**Goal II:**             **Manage Risk Throughout the Organization**

On Track to Meet the Milestones?	Will the Project Schedule be Met?	Will the Project be Completed on Budget?
✓	✓	✓

**PROJECT OBJECTIVE:** To upgrade and consolidate Internet security systems to improve web traffic monitoring of malware and malicious activities.

2018-19 ADOPTED MILESTONES	STATUS OF 2018-19 MILESTONES
<p><b>BY DECEMBER 31, 2018:</b></p> <ul style="list-style-type: none"> <li>a) Review existing software features and gather new requirements;</li> <li>b) Research and evaluate available compatible security software; and</li> <li>c) Select and procure software.</li> </ul>	<p><b><u>COMPLETED</u></b></p> <p>Features of the existing Internet web filtering software, IronPort and additional requirements were evaluated against the URL filtering module of the firewall product, Cisco FirePower. The Cisco FirePower’s superior functionalities in website filtering based on classification, and reputation (risk level) and its tight integration with the firewall provide advanced security protection of the network and it was selected to replace IronPort.</p>
<p><b>BY MARCH 31, 2019:</b></p> <ul style="list-style-type: none"> <li>a) Install, configure, and deploy software into production; and</li> <li>b) Optimize and backup security configurations.</li> </ul>	<p><b><u>COMPLETED</u></b></p> <p>FirePower URL filtering was configured and deployed into production with on-going tuning being performed.</p>

**OVERALL PROJECT STATUS:** Completed

The Internet security systems were upgraded and consolidated into one system with centralized management to improve LAFPP’s cybersecurity posture.

**NEXT STEPS:**

Staff will continue to optimize and maintain the system to protect LAFPP’s data, systems, and network.

**BUDGET:** On-Budget

**Project No. 4:** *PARIS (Pension and Retirement Information System Implementation)*  
**Lead Staff:** *Alfred Domagat, Sr. Systems Analyst II, Systems Section*  
**Goal III:** *Enhance Customer Care and Stakeholder Relations*

On Track to Meet the Milestones?	Will the Project Schedule be Met?	Will the Project be Completed on Budget?
●	●	●

**PROJECT OBJECTIVE:** To design and implement a new Pension Administration System that will result in improved overall efficiency in the department's business operations and continued superior service to our membership.

2018-19 ADOPTED MILESTONES	STATUS OF 2018-19 MILESTONES
<p><b>BY DECEMBER 31, 2018:</b></p> <p>a) Delivery of all critical system functionality including fixes to major issues identified during the User Acceptance Testing and the "Go Live" production rollout by October 31, 2018.</p>	<p><b><u>COMPLETED</u></b></p> <p>The PARIS system went live with Phase 4A-Core Pension Functionality on January 9, 2019 after a concerted effort of the Project Team and LAFPP staff to resolve the critical issues identified during the two-month "parallel" that was performed after the soft Go-Live in October 31, 2018.</p> <p>Although PARIS went live with Phase 4A, there are a few issues that staff continues to address with the vendor which are being fixed and delivered on a monthly basis as Post Go-Live support builds.</p>
<p><b>BY JUNE 30, 2019 (AMENDED 10/18/2018):</b></p> <p>a) Delivery, testing, and implementation of system functionality for Member Self-Service (Phase 4C).</p>	<p><b><u>COMPLETED</u></b></p> <p>The system functionality for Phase 4C-Member Web Portal of the PARIS system was completed on May 16, 2019 after four major build releases and three defect-repair builds which allowed our members to access MyLAFPP on May 30, 2019.</p>
<p><b>BY DECEMBER 31, 2019 (AMENDED 04/18/19):</b></p> <p>b) Delivery, testing, and implementation of additional system functionality for DocuShare and Workflow integration (Phase 4B).</p>	<p><b><u>ONGOING</u></b></p> <p>Since the project team's focus is on addressing the critical fixes and reporting needs for Phase 4A as well as the timely deployment of Phase 4C, this phase of the project has been put on hold and is expected to resume with the requirements gathering sessions in July 2019.</p>



**Project No. 4:     *PARIS (Pension and Retirement Information System) Implementation***

**OVERALL PROJECT STATUS: Ongoing**

With the recent Go-Live of Phase 4A and Phase 4C, the project team is in a better position to continue the work related to Phase 4B-Workflow and DocuShare Integration. However, there are still a few remaining functionalities that were intentionally deferred until after Phase 4A Go-Live that the project team has not been able to complete due to competing Phase 4C priorities. These needed functionalities and fixes may need to be prioritized over the Phase 4B work due to the timing of when these functionalities need to be implemented. In addition, as with any major system implementation, staff continues to find critical Phase 4A and Phase 4C related issues and enhancements that need to be addressed and resolved, which could also push back Phase 4B related work.

**NEXT STEPS:**

The project team will continue to identify and prioritize issues and needed enhancement so these can be tested as part of the next Phase 4A and Phase 4C Post Go-Live build deliveries. In addition, the project team will continue to assess the remaining deferred Phase 4A functionalities to determine if these need to be prioritized over the Phase 4B work. The project will then be re-baselined if there is a change in the overall project schedule.

This Project is also included in the 2019-20 Business Plan.

**BUDGET: On-Budget**

**Project No. 5:**        **NEW – Website Redesign**  
**Lead Staff:**        **Carol Tavares, Sr. Management Analyst I, Communications & Education**  
**Goal III:**            **Enhance Customer Care and Stakeholder Relations**

On Track to Meet the Milestones?	Will the Project Schedule be Met?	Will the Project be Completed on Budget?
✓	✓	✓

**PROJECT OBJECTIVE:**

2018-19 ADOPTED MILESTONES	STATUS OF 2018-19 MILESTONES
<p><b>BY SEPTEMBER 30, 2018:</b></p> <p>a) Discovery – Identify gaps between the old and upcoming site, and develop strategic solutions to close gaps by means of information architecture, design, and content strategy;</p> <p>b) Review existing analytics; and</p> <p>c) Finalize web design and approval.</p>	<p><b><u>COMPLETED</u></b></p> <p>Discovery phase began in March 2018. The existing website analytics and annual survey responses were analyzed to understand the behavior and feedback of site visitors. LAFPP staff was surveyed on goals for the future site and input on content management. Design and architecture were approved by September, 2018.</p>
<p><b>BY MARCH 31, 2019:</b></p> <p>a) Implementation – Execute approved design and information architecture into content management system (by January 31, 2019);</p> <p>b) Full content migration; and</p> <p>c) Training and support for launch and post-launch.</p>	<p><b><u>COMPLETED</u></b></p> <p>In October 2018, the website content was migrated into a temporary site (sandbox) with the new design and architecture. Staff was trained on the custom content management system and were responsible for updating the flow and content to prepare for the launch. The final content was migrated to the new site on March 29, 2019.</p>
<p><b>BY JUNE 30, 2019:</b></p> <p>a) Final launch; and</p> <p>b) Monthly maintenance agreement begins for ongoing support.</p>	<p><b><u>COMPLETED</u></b></p> <p>The new website was officially launched on April 1, 2019 and the monthly maintenance agreement began.</p>

**Project No. 5:      NEW – Website Redesign**

**OVERALL PROJECT STATUS:** Completed


The goal of the redesign was to facilitate a better user experience for members and to improve staff's ability to update the site. The consultant was very responsive and created a site for members and stakeholders to easily find information. A second training was conducted to familiarize staff with new site and content management system. The site was launched before the June 30, 2019 milestone and before MyLAFPP (employee self-service) was scheduled to go live. Members enter MyLAFPP through the website.

**NEXT STEPS:**

The monthly maintenance agreement commenced in April and will continue until at least all enhancements are complete.

**BUDGET:** Under-Budget

**Project No. 6:**        **NEW – Implementation of New Accounting Software**  
**Lead Staff:**        **Yolanda Huang, Dept. Chief Accountant IV, Accounting Section**  
**Goal IV:**            **Pursue Operational Efficiencies**

On Track to Meet the Milestones?	Will the Project Schedule be Met?	Will the Project be Completed on Budget?
<b>Defer to 2019-20</b>	<b>Defer to 2019-20</b>	

**PROJECT OBJECTIVE:** To replace the current accounting software and improve financial reporting.

2018-19 ADOPTED MILESTONES	STATUS OF 2018-19 MILESTONES
<p><b>BY MARCH 31, 2020 (AMENDED 01/17/2019):</b></p> <ul style="list-style-type: none"> <li>a) Review existing software features and gather new requirements;</li> <li>b) Research and evaluate available software and cloud-based services; and</li> <li>c) Select and procure software or cloud-based services.</li> </ul>	<u><b>ONGOING</b></u>
<p><b>BY JUNE 30, 2020 (AMENDED 01/17/2019):</b></p> <ul style="list-style-type: none"> <li>a) Install, configure, and deploy software in production; and</li> <li>b) Migrate data and conduct user training.</li> </ul>	<u><b>ONGOING</b></u>

**OVERALL PROJECT STATUS:** Ongoing

**NEXT STEPS:**

**BUDGET:** On-Budget

**Project No. 7:**        **NEW – Pension Administration Benchmarking**  
**Lead Staff:**        **Myo Thedar, Chief Benefits Analyst**  
                                 **Administrative Operations Division**  
**Goal IV:**             **Pursue Operational Efficiencies**

On Track to Meet the Milestones?	Will the Project Schedule be Met?	Will the Project be Completed on Budget?
✓	✓	✓

**PROJECT OBJECTIVE:** To measure our services and practices against our peers to gain a better understanding of the total administrative cost per member and help us determine if there are opportunities to become more efficient in the organization.

2018-19 ADOPTED MILESTONES	STATUS OF 2018-19 MILESTONES
<p><b>BY SEPTEMBER 30, 2018:</b></p> <p>Obtain Board authority to utilize professional services to perform an objective pension administration benchmarking analysis.</p>	<p><b><u>COMPLETED</u></b></p> <p>On July 19, 2018, the Board authorized staff to sole-source an agreement with CEM Benchmarking, Inc. to perform benchmarking analysis.</p>
<p><b>BY JUNE 30, 2019:</b></p> <p>Provide to the Board a detailed report of LAFPP’s pension administration performance and costs compared to our peer group.</p>	<p><b><u>COMPLETED</u></b></p> <p>On June 6, 2019, Staff and CEM Benchmarking, Inc. co-presented the pension administration benchmarking results.</p>

**OVERALL PROJECT STATUS:** Completed

Staff and CEM Benchmarking, Inc. presented to the Board a detailed report of LAFPP’s pension administration performance and costs compared to our peer group.

**NEXT STEPS:**

On June 6, 2019, the Board considered the results of the CEM Pension Administration Benchmarking survey and instructed staff to include a new multi-year project in the 2019-20 Final Business Plan. This multi-year project will seek to implement operational best practices based on CEM’s benchmarking results and to perform a follow-up CEM Benchmarking survey in three years to measure changes in departmental operations.

**BUDGET:** On-Budget

The cost of the pension administration benchmarking was \$20,000.

**Project No. 8:**        **NEW – Workforce Succession Planning**  
**Lead Staff:**        **James Schiffhauer, Department Personnel Officer,**  
                                 **Administrative Services Section**  
**Goal V:**                **Build and Support a Talented Workforce**

On Track to Meet the Milestones?	Will the Project Schedule be Met?	Will the Project be Completed on Budget?
✓	✓	✓

**PROJECT OBJECTIVE:** To study workforce succession planning approaches to address the potential loss of personnel in critical positions and update LAFPP succession plan.

2018-19 ADOPTED MILESTONES	STATUS OF 2018-19 MILESTONES
<p><b>BY DECEMBER 31, 2018:</b></p> <p>Study workforce succession planning approaches to strengthen the ability of individuals within the department to assume key leadership positions as they become available.</p>	<p><b><u>COMPLETED</u></b></p> <p>The Workforce Succession Planning (WSP) Team studied five different public agencies’ approaches to workforce development and succession planning. The information gained from the study was used to formulate the department’s strategy.</p>
<p><b>BY JUNE 30, 2019:</b></p> <p>Develop a workforce succession planning team. Perform a comprehensive workforce needs assessment, which would include the impact of the PARIS (Project No. 4) implementation. Identify key leadership positions based on the workforce needs assessment and devise a plan to incorporate them to the updated succession plan. Update the current the succession plan.</p>	<p><b><u>COMPLETED</u></b></p> <p>The WSP Team met multiple times to discuss needs assessment, identify key leadership positions and propose WSP program (cross-training) to implement in the department. Current WSP for General Manager, Assistant General Managers and the Chief Investment Officer have been updated.</p>

**OVERALL PROJECT STATUS:** Completed

Staff presented to the Board a detailed report of the WSP Team efforts and completion of this Business Plan project.

**NEXT STEPS:**

The WSP Team has developed a new project for the 2019-20 Final Business Plan to develop and implement a cross-training pilot program.

**BUDGET:** N/A

**Project No. 9:**        **NEW – Investments Division Staff Instructional Program**  
**Lead Staff:**        **Tom Lopez, Chief Investment Officer, Investments Division**  
**Goal V:**              **Build and Support a Talented Workforce**

On Track to Meet the Milestones?	Will the Project Schedule be Met?	Will the Project be Completed on Budget?
✓	✓	✓

**PROJECT OBJECTIVE:** To institute a program of scheduled classes given by the Investments staff for other members of the Investments staff.

2018-19 ADOPTED MILESTONES	STATUS OF 2018-19 MILESTONES
<p><b>BY JUNE 30, 2019:</b></p> <p>Complete at least 10 classes this year. Maintain a list of topics taught at the classes along with any material used.</p>	<p><b><u>COMPLETED</u></b></p> <p>Senior Staff provided over 10 investment related educational opportunities for its junior employees.</p>

**OVERALL PROJECT STATUS:** Completed

In addition to the Investment Section in-house classes, each Investment Officer has now completed a comprehensive public speaking course. Investment Staff continues to receive ongoing investment related training through webinars and industry conferences.

**NEXT STEPS:**

The CIO and Senior Investment Staff will continue to provide and support educational opportunities for all Staff members.

**BUDGET:** On-Budget