



DEPARTMENT OF FIRE AND POLICE PENSIONS

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REPORT TO THE BOARD OF FIRE AND POLICE PENSION COMMISSIONERS

DATE: JULY 2, 2020 **ITEM:** B.2

FROM: RAYMOND P. CIRANNA, GENERAL MANAGER

SUBJECT: CLOSE-OUT REPORT ON THE 2019-20 BUSINESS PLAN AND POSSIBLE BOARD ACTION

RECOMMENDATION

That the Board receive and file the Close-Out Report on the 2019-20 Business Plan.

DISCUSSION

The 2019-20 Business Plan includes a total of 12 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 during one of its meetings 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.

Attachment I displays the 12 projects in a Dashboard format. Each project is grouped by goals and tracked by project status. Out of the 12 projects, eight projects have been completed, two projects are on-going, one project is at risk of falling behind schedule, and one project will not be completed until the first quarter of next fiscal year.

Attachment II provides project details including the status of 2019-20 project milestones, overall project status, next steps and budgetary information.

Changes since the Third Quarter Update of the 2019-20 Business Plan

As indicated, since the time the Board reviewed the Third Quarter Update of the 2019-20 Business Plan, one project is at risk of falling behind schedule as explained below:

PARIS (Pension and Retirement Information System) Implementation (Project No. 7)

The Project Team had a very tight schedule of integrating DocuShare with PARIS due to a needed server migration from Kentucky to Virginia that took longer than anticipated and lasted through the second week of June. In addition, a licensing issue was later discovered which prevented the vendor's technical staff from beginning the integration work. The issue is being resolved and staff anticipates deployment of the ability to access member-related DocuShare files in PARIS for testing by June 30th.

Furthermore, on April 16, 2020, the Board authorized the extension of the project to December 31, 2020. Subsequently, the 2020-21 Final Business Plan was presented to the Board on June 18, 2020, which continued the project timeline through March 31, 2021. Doing so would permit Staff to complete the implementation of additional system functionality for DocuShare and the integration of the remaining Phase 4B Workflows. Staff made a technical correction to the final milestone date to be consistent with the Board's intent when it approved the 2020-21 Final Business Plan on June 18, 2020. The project remains on-budget and funding is included in the 2020-21 Final Budget.

Additionally, one project will not be completed by fiscal year end as explained below:

Implementation of New Accounting Software (Project No. 8)

Staff has selected a software solution (Microsoft Dynamics) and has been working with the City vendor to purchase and install the software for approximately \$18,000. Problems arose recently when the City vendor informed staff it could not include a training element to the purchase order since the software was being purchased through a third-party vendor. Training is critical as staff will save a significant amount (~ \$35,000) by not having the vendor import data from the legacy system. Staff is working with the City vendor to implement a cloud-based enterprise system (that includes training) through its own program and met with the vendor on June 25, 2020. Staff believes the procurement issues will be resolved soon and the software will be installed and available to staff within the first quarter of 2020-21.

Projects Continuing into the 2020-21 Business Plan

Two of the projects that have met their 2019-20 milestones and are continuing into the 2020-21 Business Plan are:

1) Department-wide Business Process Improvements (Project No. 9)

Following the Fiscal Year 2018-19 pension administration benchmarking project, Staff was instructed by the Board to research and implement department-wide operational best practices. This was done in Fiscal Year 2019-20 with the development of 21 opportunities for process improvements (of which, five were implemented immediately). This work continues into Fiscal Year 2020-21 with the implementation of ten opportunities. Included with this report is the Project 9 – Opportunity Summary Matrix (Attachment III). The Matrix

serves to provide the Board a better understanding of those efficiencies which have already been implemented, are scheduled to be completed in FY 2020-21, and will be researched for future deliverability.

2) Pensions Division Business Process Reengineering (Project No. 10)

On October 17, 2020, the Board authorized a six-month delay of the first two milestones, as well as an extension of portions of this project to Fiscal Year 2020-21. Since that time, Staff has reported that the project remains on-schedule and on-budget. The project was approved by the Board for inclusion in the 2020-21 Business Plan on June 18, 2020 and no additional funding or staffing requests are associated with the project.

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:

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Administrative Services Section

RPC:WSR:MTS:EC:EH

Attachments: I. Close-Out Business Plan Dashboard
 II. Project Detail Reports
 III. Project No. 9 – Opportunity Summary Matrix

**DEPARTMENT OF FIRE AND POLICE PENSIONS
2019-20 BUSINESS PLAN DASHBOARD
FOURTH QUARTER UPDATE (AS OF JUNE 30, 2020)**

PROJECT TITLE	Overall Project Duration	2019-20 Milestone Dates	Overall Project Schedule	Overall Project Budget
Goal 1 – Ensure a Financially Sound Retirement System				
1. NEW – Emerging Manager Program and Policy Review	2019-20	✓	✓	✓
2. NEW – Actuarial Assumption Research	2019-20	✓	✓	✓
3. NEW – Investment Benchmarking	2019-20	✓	✓	✓
Goal 2 – Manage Risk Throughout the Organization				
4. NEW – Contractor Disclosure Review Process Enhancements	2019-20	✓	✓	✓
Goal 3 – Enhance Customer Care and Stakeholder Relations				
5. NEW – Direct Deposit Transition ¹	2019-20	✓	✓	✓
6. NEW – Focused Communications	2019-20	✓	✓	✓
7. PARIS (Pension and Retirement Information System) Implementation ^{2 3}	2015-16 2016-17 2017-18 2018-19 2019-20 2020-21	●	●	●
Goal 4 – Pursue Operational Efficiencies				
8. Implementation of New Accounting Software	2019-20	●	●	●
9. NEW – Department-wide Business Process Improvements	2019-20 2020-21	✓	●	●
10. NEW – Pensions Division Business Process Reengineering ⁴	2019-20 2020-21	✓	●	●
Goal 5 – Build and Support a Talented Workforce				
11. NEW – Investment Staff Duties Rotation and Development of Junior Staff	2019-20	✓	✓	✓
12. NEW – Workforce Succession Planning	2019-20	✓	✓	✓

Legend:	●	On schedule or on budget
	●	At risk of falling behind schedule or going over budget
	●	Behind schedule/over budget
	✓	Project completed

¹ On October 17, 2019, the Project History was amended to reflect advice provided by the City Attorney and the September 30, 2019 milestone narrative was amended to reflect available means of communication.

² On October 17, 2019, the December 31, 2019 milestone was extended to June 30, 2020 due to the number and complexity of functionality issues pending prior to Phase 4B.

³ On June 18, 2020, portions of the project were extended to the March 31, 2021 milestone for Fiscal Year 2020-21.

⁴ On October 17, 2019, project extended through 2020-21, due to modified scope of work for 2019-20.

Project No. 1: NEW – Emerging Manager Program and Policy Review
Lead Staff: Tom Lopez, Chief Investment Officer, Investments Division
Goal I: Ensure a Financially Sound Retirement System

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

PROJECT OBJECTIVE: To research and pursue potential improvements in the emerging manager program.

2019-20 ADOPTED MILESTONES	STATUS OF 2019-20 MILESTONES
<p>BY SEPTEMBER 30, 2019: Begin review of Emerging Managers and the existing policy.</p>	<p><u>COMPLETED</u> RVK presented a comprehensive program review to the Board on April 4, 2019 which included detailed information about each manager hired under the Board’s Emerging Manager Program.</p>
<p>BY DECEMBER 31, 2019: Complete review process with RVK.</p>	<p><u>COMPLETED</u> The Board adopted Staff’s and RVK’s recommendations for the Emerging Manager Program at its June 16, 2019 meeting. On July 18, 2019, the Board rescinded its previous action and directed the Staff and RVK to conduct both small cap and fixed income emerging manager searches.</p>
<p>BY MARCH 31, 2020: Compile data, form recommendations and present to the Board results of the comprehensive review of the Emerging Manager Program.</p>	<p><u>COMPLETED</u> On February 20, 2020, the small cap emerging manager search concluded with the Board selecting three firms: Denali Advisors, LLC; Eastern Shore Capital Management; and Lisanti Capital Growth, LLC. Each firm was funded with \$50 million on May 1, 2020. The Board deferred the fixed income emerging manager search.</p>

OVERALL PROJECT STATUS: Completed. All related deliverables have been completed.

NEXT STEPS: Staff and RVK will continue to research and pursue potential improvements in the emerging manager program.

Project No. 2: NEW – Actuarial Assumption Research
Lead Staff: Greg Mack, Chief Benefits Analyst, Pensions Division
Goal I: Ensure a Financially Sound Retirement System

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

PROJECT OBJECTIVE: To research and gather actuarial information and trends for the next experience study. The next experience study will cover July 1, 2016 - June 30, 2019 and is expected to be presented to the Board in June 2020.

2019-20 ADOPTED MILESTONES	STATUS OF 2019-20 MILESTONES
<p>BY DECEMBER 31, 2019: Research the actuarial assumptions changes being recommended for other Pension systems by their actuarial consultants.</p>	<p><u>COMPLETED</u> Staff researched actuarial assumptions changes being made by other systems. Staff worked with Segal, the Board's actuarial consultant, to develop the presentation provided to the Board on November 21, 2019. The presentation included trends, updates related to Actuarial Standards of Practice (ASOP) and developments in funding policy.</p>
<p>BY JUNE 30, 2020: Presentation to the Board of the results regarding actuarial information and trends as they relate to the experience study.</p>	<p><u>COMPLETED</u> The Board approved new public safety mortality assumptions on December 19, 2019 and approved all the recommendations in the experience study on May 21, 2020.</p>

OVERALL PROJECT STATUS: Completed. All related deliverables have been completed.

NEXT STEPS: Staff will continue to work with the Board's actuarial consultant to ensure that the Board is kept informed of actuarial trends and developments related to funding policy and risk assessment.

Project No. 3: NEW – Investment Benchmarking
Lead Staff: Tom Lopez, Chief Investment Officer, Investments Division
Goal I: Ensure a Financially Sound Retirement System

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

PROJECT OBJECTIVE: To perform a cost and performance benchmarking analysis of the LAFPP portfolio.

2019-20 ADOPTED MILESTONES	STATUS OF 2019-20 MILESTONES
<p>BY MARCH 31, 2020: Review the draft report to the General Manager and CIO.</p>	<p><u>COMPLETED</u> A draft report was submitted for review by RVK.</p>
<p>BY JUNE 30, 2020: Present the final report to the Board.</p>	<p><u>COMPLETED</u> RVK presented its benchmarking report to the Board on June 4, 2020.</p>

OVERALL PROJECT STATUS: Completed. All related deliverables have been completed.

NEXT STEPS: Staff and RVK will continue to evaluate best practices in investment management. Any developments or improvements to the current investment program will be brought to the Board for discussion and evaluation.

Project No. 4: NEW – Contractor Disclosure Review Process Enhancements
Lead Staff: James Yeung, Internal Auditor IV, Internal Audit Section
Goal II: Manage Risk Throughout the Organization

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

PROJECT OBJECTIVE: To enhance assurances that investment and procurement decisions are made solely on the merits of the goods or services proposed to be provided by contractors to LAFPP.

2019-20 ADOPTED MILESTONES	STATUS OF 2019-20 MILESTONES
<p>BY SEPTEMBER 30, 2019: Identify available external data resources. Develop, document, and test procedures to cross reference reported contractor disclosures to external data resources.</p>	<p><u>COMPLETED</u> The Internal Audit Section researched and identified various potential external data resources that could be used to cross-reference against self-reported data from the contractor disclosure reports. The Los Angeles City Ethics Commission administers State and City ethics laws and maintains a public portal for legally mandated reporting on campaign financing, government ethics, lobbying and contracts. Internal Audit Section staff reviewed the portal's available data, its accessibility, and developed and tested review procedures.</p>
<p>BY DECEMBER 31, 2019: Full implementation.</p>	<p><u>COMPLETED</u> Internal Audit Section implemented procedures to review the Los Angeles City Ethics Commission's public portal to cross-reference self-reported disclosures to contractor disclosure reports.</p>

OVERALL PROJECT STATUS: Completed. All related deliverables have been completed.

NEXT STEPS: While the specific deliverables have been completed, the procedures to cross-reference self-reported data to the City's Ethics Commission to contractor disclosure reports will be a process that is performed annually by the Internal Audit Section.

Existing Internal Audit Section staff were utilized for this project. As a result, there were no additional costs associated with this project.

Project No. 5: NEW – Direct Deposit Transition
Lead Staff: Kyle Susswain, Manager, Retirement Services Section
Goal III: Enhance Customer Care and Stakeholder Relations

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

PROJECT OBJECTIVE: To reduce the usage of physical checks by 50% and have members voluntarily enroll into direct deposit.

2019-20 ADOPTED MILESTONES	STATUS OF 2019-20 MILESTONES
<p>BY SEPTEMBER 30, 2019: Identify members receiving checks and verify addresses. Email and mail letters with direct deposit forms to these members. Also post direct deposit transition information to the LAFPP website.</p>	<p><u>COMPLETED</u> Letters were mailed out on September 30, 2019 and information was posted to the LAFPP website.</p>
<p>BY DECEMBER 31, 2019: Receive forms and enroll 16% of check receiving members into direct deposit. Send 2nd round of letters that did not enroll.</p>	<p><u>COMPLETED</u> 18% of check receiving members were enrolled into direct deposit as of December 31, 2019. A second mailing was sent to check recipients on December 31, 2019.</p>
<p>BY MARCH 31, 2020: Receive forms and enroll 33% of check receiving members into direct deposit. Verify phone numbers and call the remaining members, send final round of letters to those that did not enroll.</p>	<p><u>COMPLETED</u> 35% of check receiving members were enrolled into direct deposit as of March 31, 2020. A third and final mailing was sent to the remaining check recipients on March 31, 2020.</p>
<p>BY JUNE 30, 2020: Receive forms and enroll 50% of check receiving members into direct deposit. Continue efforts to enroll the remaining members.</p>	<p><u>COMPLETED</u> 55% of check receiving members were enrolled into direct deposit as of May 31, 2020.</p>

Project No. 5: NEW – Direct Deposit Transition

OVERALL PROJECT STATUS: Completed. Project objective have been met. As of May 31, 2020, physical check usage has decreased by 55%.

NEXT STEPS: Staff will continue to encourage physical check receiving members to voluntarily enroll into direct deposit.

Project No. 6: NEW – Focused Communications
Lead Staff: Elizabeth Trevizo, Management Analyst, Communications & Education Section
Goal III: Enhance Customer Care and Stakeholder Relations

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

PROJECT OBJECTIVE: To create focused benefit communications on individual topics that will address frequently asked questions and reduce member inquiries.

2019-20 ADOPTED MILESTONES	STATUS OF 2019-20 MILESTONES
<p>BY SEPTEMBER 30, 2019:</p> <p>a) Determine information requested most often – poll staff and members; and b) Create a library of titles and types of communications (info sheets, brochures, etc.).</p> <p>BY DECEMBER 31, 2019:</p> <p>a) Prioritize topics; and b) Draft a minimum of two (2) communications.</p> <p>BY JUNE 30, 2020:</p> <p>Finalize two (2) communications and post on Website.</p>	<p><u>COMPLETED</u></p> <p>a) Survey to gather LAFPP staff and member feedback on frequently inquired topics was conducted in September 2019. b) A library of topics was created based on the survey.</p> <p><u>COMPLETED</u></p> <p>a) The library of topics was prioritized to determine the order of communications to be created. b) Collective data was analyzed to formulate two communications: Dissolution of Marriage Guide and Disability Brochure.</p> <p><u>COMPLETED</u></p> <p>Both communications were finalized and posted on the website.</p>

OVERALL PROJECT STATUS: Completed. All related deliverables have been completed.

NEXT STEPS: Efforts will continue to further develop new educational material based on the library of topics. A theme was created to maintain consistency and cohesiveness amongst all LAFPP's educational resources. Furthermore, existing handbooks and guides such as the DROP Handbook and Survivor Guide underwent a thorough evaluation of data accuracy and up-to-date information.

Project No. 7: **PARIS (Pension and Retirement Information System) Implementation**
Lead Staff: **Alfred Domagat, Sr. Systems Analyst, Systems Section**
Goal III: **Enhance Customer Care and Stakeholder Relations**

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

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.

2019-20 ADOPTED MILESTONES	STATUS OF 2019-20 MILESTONES
<p>BY JUNE 30, 2020 (AMENDED 04/16/20):</p> <p>Delivery, testing, and implementation of additional system functionality for DocuShare and integration of three Workflows (Phase 4B).</p> <p>BY DECEMBER 31, 2020 BY MARCH 31, 2021 (AMENDED 06/18/20¹):</p> <p>Delivery, testing, and implementation of additional system functionality for DocuShare and integration of remaining Workflows (Phase 4B).</p>	<p><u>ONGOING</u></p> <p>The Project Team had a very tight schedule of integrating DocuShare with PARIS due to a needed server migration from Kentucky to Virginia that took longer than anticipated and lasted through the second week of June. In addition, a licensing issue was later discovered which prevented the vendor’s technical staff from beginning the integration work. The issue is being resolved and staff anticipates deployment of the ability to access member-related DocuShare files in PARIS for testing by June 30th.</p> <p>Internal review of requirements for the three Workflows also took longer due to staff addressing higher priorities and critical issues. In addition, two of the workflow requirements needed to be revised based on current understanding of workflows. As such, only one of the three requirements was completed on time for our vendor to deliver for testing by the June 30th milestone date. The remaining two have been submitted to the vendor but will be part of the remaining workflows which were to be delivered by December 31, 2020 but will now be delivered by March 31, 2021 as adopted in the 2020-21 Final Business Plan by the Board on June 18, 2020.</p>

¹ The 2020-21 Final Business Plan was adopted by the Board on June 18, 2020 and reflects this change to the milestone language and date for the project that will be continued to the next fiscal year. Staff has made a technical correction to the Milestone date to reflect the Board’s intent when it adopted the 2020-21 Final Business Plan.

Project No. 7: PARIS (Pension and Retirement Information System) Implementation

OVERALL PROJECT STATUS: Ongoing. In the Third Quarter Update to the 2019-20 Business Plan (presented to the Board on April 16, 2020), it was reported that the overwhelming work related to 1099-R processing had impacted the Project's schedule. Staff anticipated the DocuShare integration portion to be fully completed by June 30, 2020 and to implement three of the ten identified workflows. However, the past few months have proved to be challenging as staff addressed higher priority issues and needed functionality while learning the workflow basics in PARIS to develop effective system requirements. Now with a better understanding of PARIS workflows gained from the knowledge and experience of implementing the first workflow successfully, staff is in a better position to complete implementation of all remaining workflows by March 31, 2021. The Project Team will continue to enhance the integration of DocuShare with PARIS to increase efficiency and continue to work on the remaining workflows.

NEXT STEPS: The project team continues to work with our vendor to ensure resource availability as we assess any needed enhancements for a more efficient DocuShare integration. Staff will also continue to reassess the remaining workflows that were identified over two years ago and develop system requirements to implement only those that will result in process efficiencies for staff.

This Project is also included in the 2020-21 Business Plan.

Project No. 8: Implementation of New Accounting Software
Lead Staff: Yolanda Huang, Department Chief Accountant, Accounting Section
Goal IV: Pursue Operational Efficiencies

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

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

2019-20 ADOPTED MILESTONES	STATUS OF 2019-20 MILESTONES
<p>BY MARCH 31, 2020:</p> <p>a) Review existing software features and gather new requirements;</p> <p>b) Research and evaluate available software and cloud-based services; and</p> <p>c) Select and procure software.</p> <p>BY JUNE 30, 2020:</p> <p>a) Install, configure, and deploy software in production; and</p> <p>b) Migrate data and conduct user training.</p>	<p><u>COMPLETED</u></p> <p>Software has been tested and evaluated by staff and Microsoft Business Central was selected and will be purchased by June 30, 2020.</p> <p><u>ONGOING</u></p> <p>The procurement process to purchase Microsoft Business Central Software has recently been delayed, so the project is now expected to be completed within the first quarter of 2020-21.</p>

OVERALL PROJECT STATUS: Ongoing. The Project schedule has recently been delayed. However, plans are in place to make the selected software solution (Microsoft Business Central software) available to staff in the first quarter of Fiscal Year 2020-21.

NEXT STEPS: Accounting and Systems staff have been working with the vendor to address the procurement issues and plan to make the financial data from Microsoft Dynamics available in the Microsoft Business Central environment.

Project No. 9: NEW – Department-wide Business Process Improvements
Lead Staff: Myo Thedar, Chief Benefits Analyst
 Administrative Operations Division
Goal IV: Pursue Operational Efficiencies

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

PROJECT OBJECTIVE: To identify and implement operational best practices department-wide based on insights gained from the pensions administration benchmarking process and results for the period ending June 30, 2018.

2019-20 ADOPTED MILESTONES	STATUS OF 2019-20 MILESTONES
<p>BY JUNE 30, 2020:</p> <ul style="list-style-type: none"> • Research and identify opportunities for efficiencies based on CEM’s results. • Determine which of these opportunities are short term projects (may be implemented immediately) and which are longer term projects (that may impact service levels) that require additional research: <ul style="list-style-type: none"> ○ Short Term Projects with Minimal Service Level Impact: <ul style="list-style-type: none"> ▪ Complete research on process improvements ▪ Implement immediately and quantify impact (if possible) ▪ Report implemented projects to the Board ○ Longer Term Projects that May Impact Service Levels: <ul style="list-style-type: none"> ▪ Report research and findings to the Board ▪ Propose future Deliverables and Milestones 	<p><u>COMPLETED</u></p> <ul style="list-style-type: none"> • Researched the results of the benchmarking in detail to identify opportunities to implement best practices. • Met with Division Managers to discuss each of these opportunities and to prioritize the opportunities determined appropriate to improve member service. • Prepared the Business Process Improvement matrix to display and track the disposition of these opportunities summarized below as projects: <p style="margin-left: 20px;">Short Term²</p> <ul style="list-style-type: none"> ▪ 12 projects - no action required ▪ 5 projects - completed FY 20 ▪ 10 projects - to be completed FY 21 <p style="margin-left: 20px;">Long Term</p> <ul style="list-style-type: none"> ▪ 6 projects - requires further research for completion in future fiscal years

² The 2020-21 Business Plan, as adopted by the Board on June 18, 2020, contained an error in the number of short-term opportunities. The number has been revised as a technical correction to the 2020-21 Business Plan.

Project No. 9: NEW – Department-wide Business Process Improvements

OVERALL PROJECT STATUS: Ongoing. Pension Administration Benchmarking measured 12 service metrics and LAFPP scored above or at the peer average in the following 10 metrics: Paying Pensions, Pension Inceptions, Benefit Estimates, 1-on-1 Counseling, Presentations, Website, News and Targeted Communication, Member Statements, Red Tape, and Satisfaction Surveying. The two metrics where LAFPP scored lower than the peer average, are Member Contacts and Disability Processing.

Regardless of the scores, staff reviewed all service-related questions in the benchmarking survey and evaluated the rationale behind each question to arrive at a number of opportunities where:

- 1) no action will be taken as the current practice is appropriate, service area has improved since the benchmarking survey period or because they are not relevant to our membership.
- 2) department operations can immediately become more efficient with minimal impact to current service levels; some of these opportunities were implemented in the current fiscal year (CFY).
- 3) implementation required some research were labeled as short-term projects for completion in FY 21.
- 4) suggested efficiencies would require more research and categorized them as long-term projects, to be completed within the next three fiscal years.

The Business Process Improvement matrix (Attachment III) has been truncated to highlight service areas, analysis of rationale, and implementation disposition.

NEXT STEPS: There are 10 projects which have been identified as short-term projects to be completed in FY 21. The progress of these projects will be reported through a continuing project included in the FY 21 Business Plan.

Project No. 10: NEW – Pensions Division Business Process Reengineering
Lead Staff: Anthony Torres, Manager, PASCo Section
Goal IV: Pursue Operational Efficiencies

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

PROJECT OBJECTIVE: To review Pensions Division Sections’ business processes by PASCo in consultation with the Internal Audit Section. Recommendations will be made to leverage PARIS and DocuShare to improve efficiency.

2019-20 ADOPTED MILESTONES	STATUS OF 2019-20 MILESTONES
<p>BY MARCH 31, 2020 (AMENDED 10/17/19): Business process review completed, recommendations made and process manuals developed for one Section in Pensions Division.</p>	<p><u>COMPLETED</u> Business processes were reviewed, recommendations made, and process manuals were developed for Medical and Dental Benefits Section.</p>
<p>BY JUNE 30, 2020 (AMENDED 10/17/19): Business process review completed, recommendations made and process manuals developed for one Section in Pensions Division.</p>	<p><u>COMPLETED</u> Business processes for Active Member Services are currently under review. Recommendations will be made and a section process manual will be developed by June 30, 2020.</p>
<p>BY JUNE 30, 2021 (AMENDED 10/17/19): Business process review completed, recommendations made, and process manuals developed for remaining four Sections in Pensions Division.</p>	<p><u>ONGOING</u> Business processes for DROP/Service Pensions, Retirement Services, Disability and Communications and Education sections will be reviewed. Recommendations will be made and process manuals developed by June 30, 2021.</p>

OVERALL PROJECT STATUS: Ongoing. The project continues to be on schedule.

NEXT STEPS: PASCo will complete review of Active Member Services’ processes and have begun to review processes for DROP/Service Pensions and Retirement Services.

Project No. 11: NEW – Investment Staff Duties Rotation and Development of Junior Staff
Lead Staff: Tom Lopez, Chief Investment Officer, Investments Division
Goal V: Build and Support a Talented Workforce

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

PROJECT OBJECTIVE: To continue the development of junior and senior staff through rotation of duties, cross-training, and educational opportunities.

2019-20 ADOPTED MILESTONES	STATUS OF 2019-20 MILESTONES
<p>BY SEPTEMBER 30, 2019: Begin rotation of senior Staff asset classes and new reporting structure of junior Staff.</p>	<p><u>COMPLETED</u> Senior investment staff members were rotated into new positions and one senior investment position was added for further Staff development. The CIO and IO III are continuing to mentor junior staff.</p>
<p>BY DECEMBER 31, 2019: Continue cross-training through conferences, seminars, and staff cross collaboration.</p>	<p><u>COMPLETED</u> Staff is encouraged to participate at industry conferences, regular portfolio update calls and webcasts to enhance their knowledge of their current asset class assignments.</p>
<p>BY MARCH 31, 2020: Internal staff review to revise responsibilities to match section needs.</p>	<p><u>COMPLETED</u> Senior Investment staff members are continuing to enhance their assigned asset class skills.</p>
<p>BY JUNE 30, 2020: Final implementation of staff rotation.</p>	<p><u>COMPLETED</u> The reporting structure was modified to improve the Investment Staff's ability to gain a broader base of knowledge.</p>

OVERALL PROJECT STATUS: Completed. All related deliverables have been completed.

NEXT STEPS: Senior Staff will continue to be rotated as each has become proficient in their current assignments.

Project No. 12: NEW – Workforce Succession Planning
Lead Staff: James Schiffhauer, Department Personnel Officer, Human Resources
Goal V: Build and Support a Talented Workforce

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

PROJECT OBJECTIVE: To develop and implement a cross-training pilot program on a limited basis and study results to assist in the efficient expansion of the pilot program.

2019-20 ADOPTED MILESTONES	STATUS OF 2019-20 MILESTONES
<p>BY DECEMBER 31, 2019:</p> <ul style="list-style-type: none"> • Develop goals and selection criteria for the cross-training pilot program; • Identify sections / positions to participate in the cross-training pilot program; and • Begin cross training pilot program <p>BY JUNE 30, 2020:</p> <ul style="list-style-type: none"> • Expand cross-training pilot program to include multiple sections / divisions within LAFPP. Build cross-training into the onboarding of new employees and create evaluation system to gauge success; and • Develop method / process for allowing employees opportunities to apply their new skills. 	<p><u>COMPLETED</u></p> <p>Cross Training Team met multiple times and developed goals and criteria for pilot program. Two pairs of cross training participants selected. Three-month pilot program ended on March 13, 2020.</p> <p><u>COMPLETED</u></p> <p>Pilot program completed. Cross Training Team meeting in April and May to apply lessons learned from pilot program to department-wide program. Cross Training Team to make new selections and explore methods for Trainees to retain training.</p>

OVERALL PROJECT STATUS: Completed. Staff has presented to the Board a detailed report of the Cross-Training Team efforts and completion of this Business Plan project.

NEXT STEPS: Cross Training Team has closed out the pilot program and is transitioning into a department-wide program, with selection of new pairs. The department-wide program has been added to the 2020-21 Final Business Plan.

**BUSINESS PROCESS IMPROVEMENT
FY 2019-20 BUSINESS PLAN
GOAL IV PURSUE OPERATIONAL EFFICIENCIES / PROJECT NO. 9**

1 Services Area Paying Pensions

LAFPP Score (rounded) 100
Peer Average 100
Rationale/Best Practice ◦Mission critical.

Scoring Category	Associated Survey Questions	Analysis	Disposition: CFY = By 6/30/20 S-Term = By 6/30/21 L-Term = By 6/30/23 No Action
Paying Pensions	Q24 any late pension roll	LAFPP pension rolls are timely.	No Action

2 Services Area Pension Inceptions

LAFPP Score (rounded) 95
Peer Average 41
Rationale/Best Practice ◦Perfect score means system can incept a pension or survivor benefit without an interruption in cashflow.
 ◦Interruptions can cause hardships and irritation for members, especially in case of survivor pension.

Scoring Category	Associated Survey Questions	Analysis	Disposition: CFY = By 6/30/20 S-Term = By 6/30/21 L-Term = By 6/30/23 No Action
Cash Flow Interruptions	Q25 % of first pension check within one month of final active check	Member pension - Delay, if any, is due to last minute change in retirement effective date. No action necessary at this time.	No Action
Survivor Pensions	Q26 % paid without interruption between pensioner final check and QSS first check	Most survivor pension inceptions are processed for the pension roll subsequent to the month of the member's death. However, this is dependent on the date of the member death notification, receipt of the member's death certificate, availability of marriage certificate or proof of qualified survivor, etc., and there could be a few months delay between the last paid pensioner check and the first survivor check. Staff reviewed and proposed changes which were adopted by the Board on April 16, 2020, to alleviate delays: - Alternate proof of death (statement from funeral home or physician) will be accepted. - Waivers from the qualified survivor to collect overpayment will be obtained. - Accounting will process off-cycle survivor payment.	CFY

**BUSINESS PROCESS IMPROVEMENT
FY 2019-20 BUSINESS PLAN
GOAL IV PURSUE OPERATIONAL EFFICIENCIES / PROJECT NO. 9**

3 Services Area

Benefit Estimates

LAFPP Score (rounded) 69
Peer Average 56

Rationale/Best Practice

- Perfect score requires system to turn around an estimate within three days of the request and provide all of the information on a written estimate.
- The more members understand how their pension is affected by inflation, social security, etc, the better they can plan for retirement.
- The more channel choices in obtaining a pension estimate, the greater access and convenience for members.

Scoring Category	Associated Survey Questions	Analysis	Disposition: CFY = By 6/30/20 S-Term = By 6/30/21 L-Term = By 6/30/23 No Action
Turnaround Speed	Q27 desired speed < 3 days; LAFPP 5 days regularly measure time to provide an estimate	MyLAFPP, which includes a benefit calculator for pension as well as service purchase, has launched since the benchmarking survey. Additionally, the cross-training pilot will be expanded departmentwide in FY 21. Given these enhancements, staff anticipates improvement in the time it takes for members to obtain benefit estimates. Staff plans to pursue related metric to measure effectiveness.	L-Term
Content	Q28 estimates explain: inflation protection effects of social security alternative scenarios to improve benefit alternative retirement options	Basic information is currently provided with benefit estimates. Additional information regarding pension impact on social security benefits, Windfall Elimination Provision, Government Pension Offset, etc. are posted on LAFPP.com and retirement options are available via My LAFPP. However, providing scenarios to improve benefit may border on providing financial planning advice. Members may seek such advice through the Financial Planning Education Consultant.	No Action
Alternative Channels	Q16, Q20 and Q33 estimates offered via: mbr stmts - include future pension entitlement website - ben calc in non secured area website - calc in secured area; not linked to member data website - calc in secured area; linked to mbr salary/svce data immediate est. provided (on phone) and on real-time basis	MyLAFPP, which includes a benefit calculator for pension as well as service purchase, has launched since the benchmarking survey. The calculator generates benefit estimates which include salary, years of service, final average salary, loss time, etc. LAFPP maintains written benefit estimates rather than phone benefit estimates as the latter leave room for error or misunderstanding.	No Action

4 Services Area

1 on 1 Counseling

LAFPP Score (rounded) 100
Peer Average 100

Rationale/Best Practice

- Higher volumes imply greater availability, value, and greete communication of availability.

Scoring Category	Associated Survey Questions	Analysis	Disposition: CFY = By 6/30/20 S-Term = By 6/30/21 L-Term = By 6/30/23 No Action
Availability	Q2 and Q14 (# members counseled 1-on-1)/(active membership) desired quotient > 1% LAFPP 2473/13422 Peer 1414/12833	LAFPP achieved perfect score. However, staff plans to explore digital visitor check-in software for in-person visitors and video conferencing for remote 1-on-1 counseling. Staff is considering various platforms including Zoom, FaceTime, and Skype, with the ability to share screen with members, to walk through documents in a secure environment.	S-Term (Digital Visitor Check-In) L-Term (Remote Counseling)

**BUSINESS PROCESS IMPROVEMENT
FY 2019-20 BUSINESS PLAN
GOAL IV PURSUE OPERATIONAL EFFICIENCIES / PROJECT NO. 9**

5 Services Area

Presentations

LAFPP Score (rounded) 98
Peer Average 90

Rationale/Best Practice

- Higher volumes imply greater availability and value.
- Smaller groups are preferred to larger groups because they provide more opportunities for individual attention.

Scoring Category	Associated Survey Questions	Analysis	Disposition: CFY = By 6/30/20 S-Term = By 6/30/21 L-Term = By 6/30/23 No Action
Availability	Q2 and Q14 desired # attendees as a % of active membership > 2.5% LAFPP 2023/13442 Peer 1530/12833	LAFPP achieved perfect score. Currently, members are able to register online for financial planning seminars. Staff is working on implementing online registration functionality for in-house presentations in the next FY.	S-Term
Group Size	Q2 and Q14 desired # attendees per presentation < 20 attendees LAFPP 2023/87 Peer 1530/48	LAFPP achieved near perfect score. However, in light of the current environment, staff plans to explore virtual seminars, static videos at LAFPP.com, and more personalized benefit-focused presentations.	S-Term

**BUSINESS PROCESS IMPROVEMENT
FY 2019-20 BUSINESS PLAN
GOAL IV PURSUE OPERATIONAL EFFICIENCIES / PROJECT NO. 9**

6 Services Area

Member Contacts

LAFPP Score (rounded) 30
Peer Average 40

Rationale/Best Practice

- Perfect score requires callers to reach a knowledgeable person with a wait time of < 20 seconds.
- Members prefer to get through immediately to knowledgeable person.
- Irritation increases rapidly with number of menu layers
- Receptionists are often more irritating than a menu layer because of the need to explain member needs twice, incorrect redirection, etc.
- System can serve member better if staff had real time access to all records and tools which enable staff to provide immediate, informed, and accurate answers.
- Ability to serve members is greatly reduced if capabilities or policies prevent us from answering questions over the phone.

Scoring Category	Associated Survey Questions	Analysis	Disposition: CFY = By 6/30/20 S-Term = By 6/30/21 L-Term = By 6/30/23 No Action
Availability	Q17 through Q19, Q22 % abandoned calls hours/week available via phone average wait time on phone (desired within 20 seconds) phone menu navigation prior to reaching a representative receptionist as first point of contact	Since the benchmarking results, staff has implemented an interactive voice response (IVR) feature to the department's main phone line. With IVR, member callers are routed to their choice of sections within the Pension Division through touch-tones from the telephone rather than through a human operator. Additionally, based on results of a member survey specific to the desired hours of business, LAFPP has shifted its operations 1/2 hour earlier, to 7:30 AM to 4:30 PM. Staff acknowledges a virtual call center (VCC) system is best practice (e.g. to measure abandoned calls) and without one, LAFPP will not score well in this area. Staff proposes to revisit this item in the future to determine if there is a VCC system appropriate for our needs and given the potential for mobile workforce.	CFY (Interactive Voice Response and Business Hours) L-Term (Virtual Call Center)
Capability	Q20 through Q21, Q23 benefit estimates available via phone estimates based on calculator linked to member account data service credit purchase estimates via phone change address over phone change email address over phone change pay instruction over phone workflow system with real-time status of open items	Staff has evaluated the risks and rewards of providing these services via telephone and has determined that written benefit estimates leave little room for error or misunderstanding and that MyLAFPP provides members the ability to change address, email address and pay instructions, past business hours.	No Action

**BUSINESS PROCESS IMPROVEMENT
FY 2019-20 BUSINESS PLAN
GOAL IV PURSUE OPERATIONAL EFFICIENCIES / PROJECT NO. 9**

7 Services Area

Website

LAFPP Score (rounded) 77
Peer Average 65

Rationale/Best Practice Members visit website looking for information; the more information is provided the more tailored and customized it is to the member, then the easier it is to get on-line, the better.

Scoring Category	Associated Survey Questions	Analysis	Disposition: CFY = By 6/30/20 S-Term = By 6/30/21 L-Term = By 6/30/23 No Action
Benefit Calculators	Q16 interactive calculator linked to salary & service data calculate cost of purchase service credit	LAFPP achieved perfect score.	No Action
Salary and Service Credit	Q16 secure access to salary & service data (LAFPP inactives do not) if salary & service data is up-to-date to most recent pay period complete annual history of salary & svc. credit data available	LAFPP inactive members will not have access to salary and service data. However, deferred vested members may maintain access to such data available in MyLAFPP as long as registration took place prior to termination/resignation.	No Action
Secure Access Design	Q15 and Q16 immediate access upon registration log-in greets by name disclaimer acknowledgement @ each log-in disclaimer acknowledgement each time pension est. is generated inactives have access secure mailbox or digital file of correspon./mbr documents	LAFPP inactive members will not have access to salary and service data. Benefit estimates generated in PARIS/MyLAFPP include a disclaimer. Staff will study costs/benefits of requiring member to acknowledge LAFPP's disclaimer at each log-in and generation of benefit estimate.	S-Term
Other Transactions and Tools	Q16 counseling session registration in real time (L-Term) presentation registration live chat (CFY) change address change beneficiaries (S-Term) add or change email address reset password change banking instructions change tax withholding view and print 1099R view pension payment advices apply for retirement (L-Term) % of online pension apps requiring mail in of follow up docs/sigs check status of online pension apps online refund application download member statement upload docs in-lieu of mailing hard copies view pensionable earnings or service without downloading	DROP counseling requires appointment and scheduling has traditionally been via phone. Real time counseling registration will be studied concurrently with video conferencing for 1-on-1 counseling (See 1-on-1 Counseling service area). Web chat feature went live in the current FY. Staff plans to evaluate beneficiary updates via MyLAFPP portal in FY 21. Straight through processing (retirement and refund application) requires additional research. It maybe more appropriate for a system with many employers. Currently, members are able to fax in or email scanned copies or quality photos of documents in-lieu of mailing hard copies. Staff plans to explore secure upload of documents through MyLAFPP or like portal.	CFY (Live/Web Chat) S-Term (Update Beneficiaries) L-Term (Real Time Counseling Session Registration, Straight Through Processing, and Secure Portal for Member Upload of Documents)

**BUSINESS PROCESS IMPROVEMENT
FY 2019-20 BUSINESS PLAN
GOAL IV PURSUE OPERATIONAL EFFICIENCIES / PROJECT NO. 9**

8 Services Area News and Targeted Communications

LAFPP Score (rounded) 89
Peer Average 59

Rationale/Best Practice

- Communicating more frequently by newsletter, personalized and customized messages for different target audiences is higher service.
- Milestone events as such joining the system, are good opportunities to communicate the value of the benefit.

Scoring Category	Associated Survey Questions	Analysis	Disposition: CFY = By 6/30/20 S-Term = By 6/30/21 L-Term = By 6/30/23 No Action
Newsletters	Q29 at least 2x per year actives at least 2x per year retirees 1x per year inactives segments-all/active/inactive/ret./age/gender based/empl.	Newsletter mailing list has been updated to include deferred vested members.	CFY
Other Communications	Q35 welcome kit personalized letter	LAFPP achieved perfect score. No action required.	No Action

9 Services Area Member Statements

LAFPP Score (rounded) 83
Peer Average 68

Rationale/Best Practice

- Up-to-date accurate member statements provide one of the best opportunities to communicate value of benefit.
- Showing estimate of future pension entitlement is more important than showing the refund value because pension entitlement is potentially much more valuable.
- Sending member statements directly to active member rather than through employers is higher service because they are less likely to get lost and they are more confidential.

Scoring Category	Associated Survey Questions	Analysis	Disposition: CFY = By 6/30/20 S-Term = By 6/30/21 L-Term = By 6/30/23 No Action
Method	Q31, Q32, and Q34 data current to one month (LAFPP 2 months) paper statements mailed directly to home electronic notice of online statement availability if sent to inactives at least annually	LAFPP has been moving into a paperless environment and has opted to make member statements available online. There are no plans to provide statements to inactives.	No Action
Content	Q33 summarizes service credit provides pensionable earnings includes historical summary of salary and svc credit earned/yr shows refund value if left at statement date shows est. of future pension benefit (age based&earliest ret)	Current statement is three pages long and includes year-to-date service credit. Historical information is on past member statements which are available via MyLAFPP.	No Action

**BUSINESS PROCESS IMPROVEMENT
FY 2019-20 BUSINESS PLAN
GOAL IV PURSUE OPERATIONAL EFFICIENCIES / PROJECT NO. 9**

10 Services Area

Disability

LAFPP Score (rounded) 0
Peer Average 31

Rationale/Best Practice ◦From member perspective, faster is higher service.

Scoring Category	Associated Survey Questions	Analysis	Disposition: CFY = By 6/30/20 S-Term = By 6/30/21 L-Term = By 6/30/23 No Action
Timeliness	Q36 average # months between application and decision	Ad-Hoc Committee was formed in September 2019 to review and provide direction on modifying the disability pension application process, with the goal of decreasing the length of time it takes between receiving a completed application and the Board hearing. To this end, in April 2020, the Board approved a number of amendments to its Operating Policies and Procedures. A pilot program for disability pension applicants to gather and submit all medical records as part of the application is in progress. Also in progress is the draft disability rating worksheet to add a nonservice-connected disability rating scale. To obtain a perfect score in this area, staff would need to process and the Board would need to render a decision within one month of the application. Staff believes that seven month turn-around time would be feasible once new pilot parameters are implemented and if there were no backlog (peer average is 11m).	S-Term

11 Services Area

Red Tape

LAFPP Score (rounded) 60
Peer Average 54

Rationale/Best Practice ◦Extra red tape like obtaining notarization, creates work for members and may not provide additional protection for the system (notarization can be fraudulent).
◦Many systems have decided that the potential risk reduction does not justify the inconvenience caused to members.

Scoring Category	Associated Survey Questions	Analysis	Disposition: CFY = By 6/30/20 S-Term = By 6/30/21 L-Term = By 6/30/23 No Action
Red Tape	Q37 and Q38 notary required for retirement application (all, some, none) birth & marriage certs required before incepting a pension notary required for all refund apps	Staff plans to evaluate various platforms for member electronic signature, in conjunction with video conferencing, thus eliminating the occasional need for notary.	S-Term
Notarization Disability Apps	Q37 notary required for disability applications	Retirement Services and Disability Pension Sections have forms that currently require a notary. Staff will discuss the continued need for notarized documents in the coming months.	S-Term

**BUSINESS PROCESS IMPROVEMENT
FY 2019-20 BUSINESS PLAN
GOAL IV PURSUE OPERATIONAL EFFICIENCIES / PROJECT NO. 9**

12 Services Area

Satisfaction Surveying

LAFPP Score (rounded) 28 Weighted
Peer Average 24 Weighted

Rationale/Best Practice

- Best practice satisfaction surveying is single activity focused, sent only to members who have recently received the service, can be summarized service-agent based, is performed on a frequent random-sample basis and results are communicated widely
- By measuring satisfaction, system is doing a better job of managing and improving it.
- Surveying immediately after the activity tends to give feedback that is heavily influenced by the member's positive or negative impression of the service agent.
- Surveying a day or so later captures member's feedback regarding the success of the process and whether the member accomplished what they intend to.

Scoring Category	Associated Survey Questions	Analysis	Disposition: CFY = By 6/30/20 S-Term = By 6/30/21 L-Term = By 6/30/23 No Action
Calls	Q39 did survey take place in CEM surveyed year single activity survey duration between session and survey is survey delayed by at least 1 day from session survey # times per year ability to break down survey results by service agent ability to break down survey results by topic covered	Staff will be required to ask members to complete an online survey. Without a virtual call center, all metrics would need to be manually recorded and produced.	No Action
Presentations	Q39 did survey take place in CEM surveyed year single activity survey duration between session and survey is survey delayed by at least 1 day from session survey # times per year ability to break down survey results by service agent ability to break down survey results by topic covered	Staff will discuss topic-specific surveys (e.g. financial planning seminars). Surveys allow space where members may provide comments specific to presenters.	S-Term
1-on-1 Counseling	Q39 did survey take place in CEM surveyed year single activity survey duration between session and survey is survey delayed by at least 1 day from session survey # times per year ability to break down survey results by service agent ability to break down survey results by topic covered	LAFPP scored well and no further action necessary.	No Action
Pension Inceptions	Q39 did survey take place in CEM surveyed year single activity survey duration between pension inception and survey survey # times per year	Staff requests members to take surveys after each 1-on-1 counseling (aka pension inception). Staff plans to explore digital visitor check-in software which may allow for more customized surveys.	S-Term