



# ***DEPARTMENT OF FIRE AND POLICE PENSIONS***

360 East Second Street, Suite 400  
Los Angeles, CA 90012  
(213) 978-4545

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

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**DATE:** JUNE 18, 2015

**ITEM:** A.1

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

**SUBJECT:** FINAL FISCAL YEAR 2015-16 BUSINESS PLAN AND POSSIBLE BOARD ACTION

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### **RECOMMENDATION**

That the Board approve the Final Fiscal Year (FY) 2015-16 Business Plan (Attachment I).

### **DISCUSSION**

On March 19, 2015, the Board approved the FY 2015-16 Proposed Business Plan (Attachment II) in conjunction with the FY 2015-16 Proposed Budget. The Plan includes twelve projects in support of the 2015-18 Three-Year Strategic Plan that was approved by the Board on February 5, 2015. In combination with the FY 2015-16 Final Budget (also on today's Board Agenda), staff recommends the Board approve the following revisions to the FY 2015-16 Proposed Business Plan. These revisions to the previously approved FY 2015-16 Proposed Business Plan would ensure the Projects are accurately reflected prior to the start of the fiscal year (July 1, 2015).

- **Project 1 - Implementation of Asset Liability Study & Recommendations** – Project History was revised to more succinctly describe the project and its history at Los Angeles Fire and Police Pensions.
- **Project 4 - New Headquarters Facility** – Project Milestones were revised to reflect the current design and construction schedule. The Proposed Business Plan indicated that construction and relocation would be completed by December 31, 2015. Due to delays in design, tenant improvements are now scheduled to be completed by December 31, 2015 with full relocation of all staff, including parking solutions, to be completed by March 31, 2016.

A comprehensive report will be prepared by July 16, 2015 for Board consideration that will provide the final project schedule, budget and overall scope.

- **Project 6 - Pension Administration System Replacement** – FY 2015-16 Resources has been revised to reflect the current project budget as approved by the Board on May 21, 2015. For FY 2015-16, the Board approved resources totaling \$2.81 million including \$2.6 million in contractual expenses and \$221,000 for staff expenses and related costs.
- **Project 9 - Operational Best Practices** – Technology Project – The History, Deliverables and Milestone Sections were changed to remove iPad from the description and extend the

completion schedule. Currently, Board members and executive staff have been provided with iPads which have been extremely valuable for Board meetings, mobile communication, and productivity efforts. Since the proposed Plan was approved, the General Manager has directed staff to explore other tablet devices besides iPads. Also, the tablet deployment completion dates were revised from December 2015 to March 2016 to reflect current workload and priorities. The review of all tablets (not only iPads) is revised in the Project History section, Deliverables, Milestones.

Staff will continue to track the progress of all projects in the Business Plan through quarterly updates to the Board.

## **BUDGET**

Funding for the proposed projects has been included in the FY 2015-16 Final Budget, with the exception of future costs for the New Headquarters Facility (Project 4). Funding authority for the New Headquarters Facility will be requested through a separate report by July 16, 2015.

## **POLICY**

There are no policy changes proposed in this report.

This report was prepared by:

Wendy Kamayatsu, Management Analyst II  
Administrative Services Section

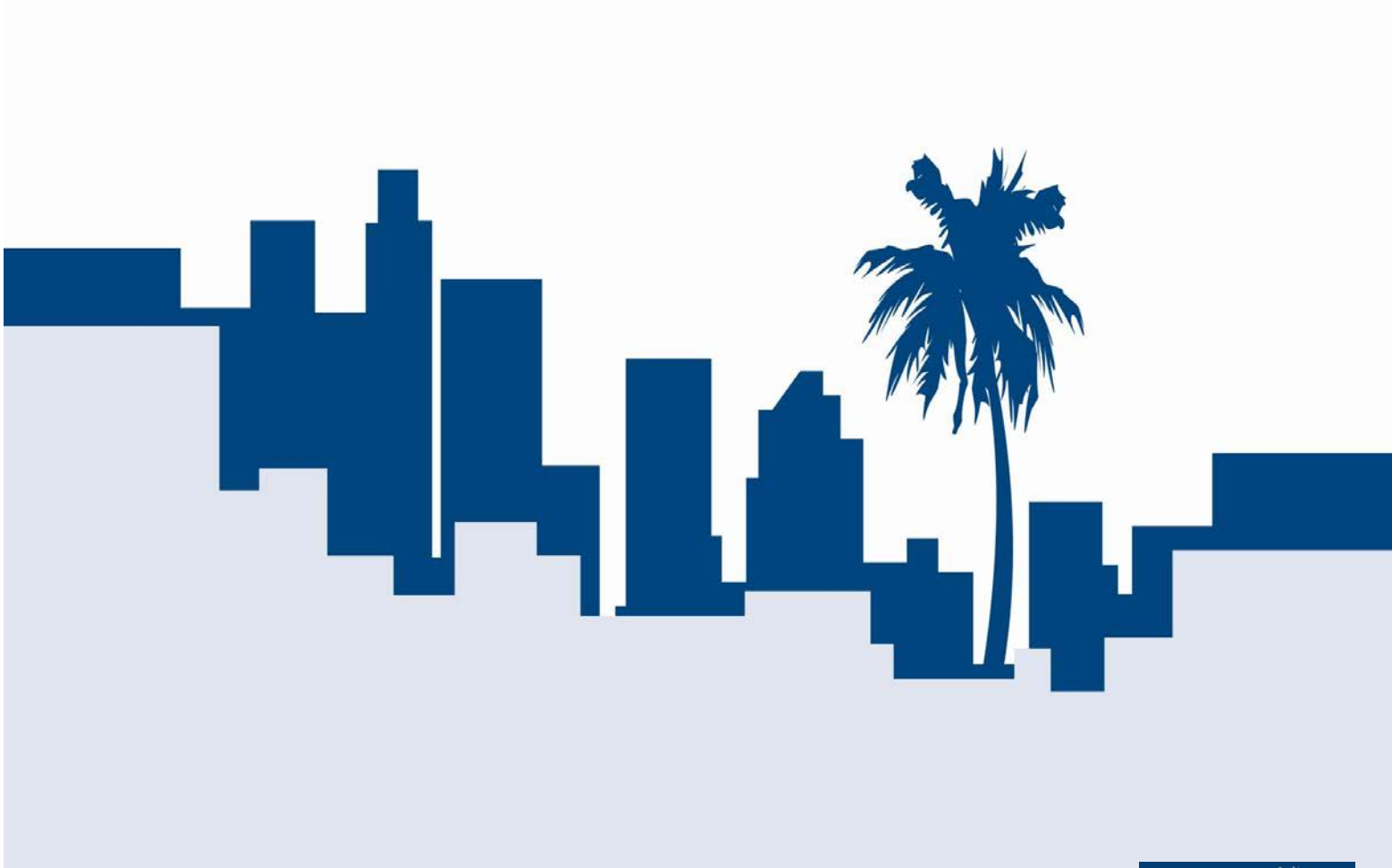
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Attachment I - LAFPP Final FY 2015-16 Business Plan

Attachment II - LAFPP Proposed 2015-16 Business Plan Board Report dated 03/19/15

# LAFPP

## LOS ANGELES FIRE AND POLICE PENSIONS



### FINAL FY 2015-16 BUSINESS PLAN

AS ADOPTED BY THE BOARD:  
JUNE 18, 2015



# FISCAL YEAR 2015-16 BUSINESS PLAN

## INTRODUCTION

Fiscal Year 2014-15 marked a renewed Strategic Planning process effort to more directly incorporate Board input into the triennial Strategic Plan process. Through various Strategic Plan facilitation sessions, the Board and Staff collaborated to develop the LAFPP vision and core values and to refine our mission and long-term goals, goal objectives and strategic initiatives for the organization. The 2015-18 Three-Year Strategic Plan incorporates these major elements and was approved by the Board on February 5, 2015, including the new LAFPP Vision Statement:

*Our Vision is to be a leader and innovator in the public pension industry through an uncompromising dedication to excellence, customer service, transparency, and education.*

The 2015-18 Three-Year Strategic Plan serves as a blueprint to guide LAFPP in the development of the proposed annual 2015-16 Business Plan. The 2015-16 Business Plan methodically allocates resources to the most critical areas of our operations in order to successfully accomplish our (revised) mission: *To advance the health and retirement security of those who dedicate their careers and risk their lives to protect the people of Los Angeles.* Our Business Plan includes twelve projects, including seven new projects and five carried over from last year. We believe these twelve projects are the most critical to ensure we continue to meet the Department's five primary goals:

- 1) Ensure a Financially Sound Retirement System
- 2) Manage Risk Throughout the Organization
- 3) Enhance Customer Service to our Members
- 4) Pursue Operational Efficiencies
- 5) Enhance Communication Efforts and Outreach

Among the twelve projects are two of the most significant multi-year projects ever undertaken by the Department: The new Pension Administration System (PAS) Replacement Project (No. 6) and the New Headquarters Facility Project (No. 4). For the new PAS Project, the Board awarded the contract with approved resources for FY 2015-16 for contractual expenses, staff expenses and related costs. In FY 2015-16, we will initiate the implementation stage, which will conclude with the complete transition of all member data and the payment processing to a new system.

For the New Headquarters Facility Project (No. 4), staff is currently working with various consultants to oversee this project. Due to additional scope of work associated with the seismic design, the tentative relocation date has been delayed to January 2016. As discussed in previous years, both projects will require a significant amount of staff resources to ensure seamless transitions without disrupting service to members. As such, demands on staff resources for these two projects may impact or delay the completion of other projects in our Plan. Staff will report to the Board during the year if we determine other projects will be impacted or delayed.

Once again, I want to extend my deep appreciation to the Board and staff for its continued support for the Strategic and Business Plans over the years.

## 2015-16 BUSINESS PLAN PROJECT MATRIX

<b>GOAL I – Ensure a Financially Sound Retirement System</b>			
<b>Project Title</b>	<b>Workload Level</b>	<b>Duration</b>	<b>Project Objective</b>
1) NEW - Implementation of Asset Liability Study & Recommendations	Lead: High	2015-16 2016-17	To develop a new asset allocation that includes asset liability modeling to help when determining the Fund's asset allocation.
2) NEW - Complete GASB 67/68 Implementation	Lead: Moderate  Participants: Moderate	2015-16	To improve financial reporting and enhance transparency of information required by the City of Los Angeles.
3) NEW - Local and Sustainable Investments: Regular Reporting	Lead: Moderate	2015-16	To provide the Board and staff with regular information regarding LAFPP's Local and Sustainable Investments
<b>GOAL II – Manage Risk Throughout the Organization</b>			
<b>Project Title</b>	<b>Workload Level</b>	<b>Duration</b>	<b>Project Objective</b>
4) New Headquarters Facility	Lead: Very High  Participants: Very High	2015-16	To complete capital improvements and relocate to the new headquarters tentatively scheduled for January 2016.
5) Business Continuity Planning / Disaster Recovery	Lead: High  Participants: Moderate	2015-16	To preserve member services and meet operational needs during uncontrolled events that disrupts business processes.
6) Pension Administration System Replacement	Lead: High  Participants: High	2015-16 2016-17 2017-18 2018-19	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.

## 2015-16 PROJECT MATRIX

<b>GOAL III – Enhance Customer Service to our Members</b>			
<b>Project Title</b>	<b>Workload Level</b>	<b>Duration</b>	<b>Project Objective</b>
7) NEW - Enhance Member & Stakeholder Educational Opportunities	Lead: High  Participants: Moderate	2015-16	To provide members, the City and the public with thorough and timely information regarding our Plan, utilizing a range of communication methods.
8) NEW - Health Care Benefit Option Development & Education	Lead: High  Participants: High	2015-16 2016-17	To identify alternative medical and dental insurance coverage options for those who currently receive their medical and/or dental insurance through LACERS or their health subsidy through the Health Insurance Premium Reimbursement Program.
<b>Goal IV – Pursue Operational Efficiencies</b>			
<b>Project Title</b>	<b>Workload Level</b>	<b>Duration</b>	<b>Project Objective</b>
9) Operational Best Practices	Lead: Moderate  Participants: Moderate	2015-16	To continuously research and implement operational best practices in a variety of areas.
10) NEW - Employee Development, Recruitment & Training	Lead: Moderate  Participants: Moderate	2015-16 2016-17	To enhance employee development, recruitment and training program to help retain and further develop our talented LAFPP workforce.
<b>Goal V – Enhance Communication Efforts and Outreach</b>			
<b>Project Title</b>	<b>Workload Level</b>	<b>Duration</b>	<b>Project Objective</b>
11) NEW - Enhance Inter-Departmental Collaborations	Lead: Moderate  Participants: Moderate	2015-16	To strengthen relationships and enhance interactions with the Police, Fire and Harbor Departments, along with other City Departments, employee unions and retiree organizations.
12) Enhance Emerging Manager Outreach	Lead: Medium  Participants: Moderate	2015-16	To continue to increase outreach and participation with diversity organizations to enhance the presence of the Department within the community.

# GOAL I – Ensure a Financially Sound Retirement System

## **Project 1: Implementation of Asset Liability Study & Recommendations**

Duration: 2015-16, 2016-17

Project Lead: Tom Lopez, Chief Investment Officer

Project Participants: Staff, Consultants, and the Board

Stakeholders: Board Members, LAFPP Staff, LAFPP Members, and the City

PROJECT OBJECTIVE	Develop a new asset allocation that includes asset liability modeling to provide the Board with more information when determining the Fund's asset allocation.
PROJECT HISTORY	Per Board Investment Policy Section 1.6, an Asset Allocation (AA) Plan shall be adopted and implemented by the Board which provides adequate diversification and gives the expectation of the highest rate of return commensurate with an acceptable level of risk, or volatility. The Board normally implements a new AA every three to five years which is considered a best practice. Another best practice is an Asset Liability (AL) Study. This type of Study is similar to an AA but goes a step further by explicitly considering the Plan's liabilities, liquidity needs and funding status under various Asset Allocations and capital market environments. LAFPP has not performed a combined asset allocation and AL Study for many years, as noted in the recent 2012 five-year management audit. At our Board offsite meeting on February 19, 2015, there were two sessions on asset allocation to help prepare the Board for this project.
2015-16 DELIVERABLES	Complete the AL study before the end of calendar year 2015 and commence implementation.
2015-16 MILESTONES	<u>BY OCTOBER 31, 2015:</u> Complete AL Study and present to the Board.  <u>BY DECEMBER 31, 2015:</u> Start implementation of AL Study recommendations.  <u>BY JUNE 30, 2016:</u> Implement about 50% of the AL Study recommendations.
2015-16 RESOURCES	The Asset Liability Study costs about \$52,000 and will require a substantial amount of Staff, Consultant and Board time.

# GOAL I – Ensure a Financially Sound Retirement System

## **Project 2: Complete GASB 67/68 Implementation**

Duration: 2015-16

Project Leads: Erin Kenney (Departmental Chief Auditor) & Yolanda Huang (Departmental Chief Accountant)

Project Participants: Internal Audit Section, Accounting Section, LAFPP staff, external auditors, and actuary

Stakeholders: LAFPP staff and management, the Board, and the City

PROJECT OBJECTIVE	To improve financial reporting and enhance transparency of information required by the City of Los Angeles.
PROJECT HISTORY	The Governmental Accounting Standards Board (GASB) issued GASB 67 and 68 to improve financial reporting by state and local governmental pension plans. Implementation of these standards is critical to ensuring LAFPP's financial statements, notes to financial statements, required supplementary information, and measurement of pension liability are accurately reported and that information required by the City of Los Angeles is provided properly. With the assistance of our external auditors and actuary, LAFPP began implementation of both GASB 67 and 68 in 2014.
2015-16 DELIVERABLES	Complete implementation of GASB 67 and 68 successfully.
2015-16 MILESTONES	<p><u>BY SEPTEMBER 30, 2015:</u> Provide information to our external financial statements auditor and to our actuary to assist in GASB 67 and 68 full implementation.</p> <p><u>BY DECEMBER 31, 2015:</u> Present audited financial statements consistent with the requirements of GASB 67 and 68 to the Board for approval and for presentation to the City of Los Angeles.</p>
2015-16 RESOURCES	Internal Audit and Accounting Section staff will coordinate responses to requests for information from the external financial statements auditors and in conjunction with data provided to the actuary. Costs associated with GASB 67 and 68 implementation for the external financial statements auditor and actuary have been budgeted.



# GOAL I – Ensure a Financially Sound Retirement System

## **Project 3: Local and Sustainable Investments: Regular Reporting**

Duration: 2015-2016

Project Lead: Tom Lopez, Chief Investment Officer, Investments Division

Project Participants: Investments Division staff

Stakeholders: Board, LAFPP Management, and the City

PROJECT OBJECTIVE	To provide the Board and staff with regular information regarding LAFPP's Local and Sustainable Investments.
PROJECT HISTORY	The LAFPP portfolio includes some investments that support the Mayor's "back to basics" priority outcomes of 1) Promoting good jobs for Angelenos all across Los Angeles; and 2) Creating a more sustainable and livable city. Reports identifying local (LA City and California) and sustainable investments have been produced on an as-needed basis.
2015-16 DELIVERABLES	Two semi-annual Local and Sustainable Investment Reports will be presented to the Board.
2015-16 MILESTONES	<u>BY SEPTEMBER 30, 2015:</u> First semi-annual report to be presented to the Board.  <u>BY MARCH 31, 2016:</u> Second semi-annual report to be presented to the Board.
2015-16 RESOURCES	Reports will be prepared utilizing existing staff and consultants. No additional resources will be required in FY 2015-16.

## GOAL II – Manage Risk Throughout the Organization

### **Project 4: New Headquarters Facility Project**

Duration: 2015-16

Project Lead: Bill Raggio, Executive Officer, Administrative Operations Division

Project Participants: All Staff

Stakeholders: Board, LAFPP Staff, and LAFPP Members and Beneficiaries

PROJECT OBJECTIVE	Complete capital improvements and relocate to the new headquarters tentatively scheduled for January 2016, in order to gain long-term control over the Department's office space requirements.
PROJECT HISTORY	This project has been a goal of the Board for many years and the project was initially included in the FY 2011-12 Strategic Plan. After extensive staff work to identify suitable buildings, LAFPP purchased a headquarters building in the Arts District in July 2013. Since this time, staff has been meeting regularly with consultants to complete the base building capital requirements (roof, elevator upgrades, HVAC upgrades, etc.) and occupancy refit specifications (rest room renovations, IT server rooms, Board Room build-out, cubicle furniture, etc.).
2015-16 DELIVERABLES	Complete tenant improvements, various capital projects and relocate to building. Ensure Board Room is capable of audio and video recording for future streaming/recording of Board Meetings.
2015-16 MILESTONES	<u>BY DECEMBER 31, 2015:</u> Complete all design work and tenant improvements and install technology improvements.  <u>BY MARCH 31, 2016:</u> Complete relocation of all staff and find parking solutions for staff and members.
2015-16 RESOURCES	The Board approved a maximum amount of \$19.2 million in July 2014. A comprehensive report will be provided to the Board in July 2015 with updated cost information for Board approval prior to staff relocation.

# GOAL II – Manage Risk Throughout the Organization

## **Project 5: Business Continuity Planning/ Disaster Recovery**

Duration: 2015-16

Project Lead: Jennifer Huang-Leifeste, Programmer Analyst V, Systems Section

Project Participants: All Department Staff

Stakeholders: Board, LAFPP Members and Beneficiaries, and LAFPP Staff

PROJECT OBJECTIVE	To preserve member services and continue to meet operational needs during uncontrolled events that disrupts business processes.
PROJECT HISTORY	<p>LAFPP determined several years ago it needed to develop a plan to preserve member services during uncontrolled events such as hardware failures, fires, and earthquakes. In order to accomplish this goal, the first step - the development of the Business Impact Analysis (BIA) report for LAFPP critical business processes – was completed in October 2011. The BIA report provided LAFPP with a high-level plan and recommendations to reduce the risks and continue to provide services to our members during business disruptions.</p> <p>On September 1, 2011, the Board approved staff to proceed with the next step to develop a Business Continuity Plan (BCP).The goal of the BCP is to create a detailed plan that allows LAFPP to quickly recover from an event that disrupts operations and to mitigate the impact to the members. The BCP was completed in June 2012. With the BCP completed, LAFPP now has a detailed plan to quickly recover from various events and achieve the goal of preserving member services during business disruptions. In August 2014, the Board approved a vendor contract to provide off-site disaster recovery (DR) services. Some of the Department network infrastructure upgrades required for the DR solutions was also completed in August 2014 with the remaining upgrades scheduled for completion as part of the new headquarters build out in FY 2015-16.</p> <p>Staff is proceeding with the implementation of the off-site DR solutions with the vendor and DR system validation testing is planned for end of FY 2014-15 to ensure that services to the members will not be impacted during business disruptions. Lastly, reviewing and maintaining the BCP will occur annually to continuously meet the project objective as business processes change and evolve.</p>

## Project 5: Business Continuity Planning/Disaster Recovery (Continued)

<p>2015-16 DELIVERABLES</p>	<p>a) Implement new production network and phone system at new headquarters;  b) Update the business continuity plan with all new components of the LAFPP's off-site disaster recovery system; and  c) Perform a real-time activation of the business continuity plan to validate the accuracy of the plan and the disaster recovery system.</p>
<p>2015-16 MILESTONES</p>	<p>The schedules for the following milestones are contingent upon the relocation to the new Headquarters building.</p> <p><u>BY SEPTEMBER 30, 2015:</u>  Determine the specs and purchase the required hardware and software for the production network at the new Headquarters.</p> <p><u>BY DECEMBER 31, 2015:</u>  1) Plan, install, configure, and validate the production network hardware and software at the new headquarters which will provide data communication to LAFPP's offsite disaster recovery location; and  2) Validate that the new voice communication system (VoIP) is properly installed and configured at the new headquarters and make changes as needed for disaster recovery purposes</p> <p><u>BY MARCH 31, 2016:</u>  Review and update the Business Continuity Plan to ensure that all components of the LAFPP's offsite disaster recovery system and critical business processes are incorporated into the plan.</p> <p><u>BY JUNE 30, 2016:</u>  1) Review, select, and plan one critical business function to perform a real-time business continuity/disaster recovery activation exercise; and  2) Validate and report on the results from the exercise</p>
<p>2015-16 RESOURCES</p>	<p>Funding for the production network and phone system at the new headquarters is included in the New Headquarters Facility Project No. 4. No additional costs or resources are anticipated at this time.</p>

## GOAL II – Manage Risk Throughout the Organization

### Project 6: Pension Administration System Replacement

Duration: 2015-16 / 2016-17 / 2017-18 / 2018-19

Project Lead: Alfredo Domagat, Sr. Systems Analyst II, Systems Section

Project Participants: LAFPP Staff, Consultants, Northern Trust, the Information Technology Agency, and Office of the Controller

Stakeholders: LAFPP Staff and Management, and LAFPP Members and Beneficiaries

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.
PROJECT HISTORY	After a competitive bidding process, a consultant was selected in June 2013 to assist in evaluating our business operational needs against the capabilities of our current Pension Administration System. The selected consultant (LRWL, Inc.) helped staff develop the business and technical requirements for the replacement of the current Pension Administration System. Based on these requirements, a RFP was issued in July 2014 and bids were received in October 2014. An Evaluation Team comprised of several LAFPP staff evaluated the RFPs and the functionality of each proposed PAS system. After a comprehensive evaluation process, Xerox State and Local Systems, Inc. was identified as the top ranking vendor for the lowest cost. The Board awarded the contract to Xerox State and Local Systems, Inc. on May 21, 2015.
2015-16 DELIVERABLES	<ol style="list-style-type: none"> <li>1) Complete the Master Plan to implement the new Pension Administration System (PAS) and establish the project control standards to track and manage the project;</li> <li>2) Install necessary hardware and software to support the new Pension Administration System at the hosting facility; and</li> <li>3) Ongoing data cleansing and conversion</li> </ol>
2015-16 MILESTONES	<p><u>BY SEPTEMBER 30, 2015:</u> Complete the Master/Work Plan including a detailed schedule of the Work Breakdown Structure for the entire project.</p> <p><u>BY APRIL 30, 2016:</u> Complete the confirmation of the detailed requirements for the project.</p>
2015-16 RESOURCES	On May 21, 2015, the Board approved an amount not to exceed \$9,017,706 to implement a new Pension Administration System (estimated 3 years) and provide post-implementation services (5 years) by Xerox State and Local Systems, Inc. The Board also approved LRWL, Inc. to provide oversight project management and quality assurance services for an amount not to exceed \$1.16M. The budgeted amount for the PAS Project in FY 2015-16 is \$2.81 million; Xerox State and Local Systems, Inc. (\$2,204,645), LRWL, Inc. (\$386,667), and staff expenses (\$221,000).

## Project 6: Pension Administration System Replacement (Continued)

FUTURE YEAR DELIVERABLES	<p><u>2016-17</u></p> <ul style="list-style-type: none"><li>a) Develop design documentation describing the changes necessary to meet requirements gathered from the various business units.</li><li>b) Ongoing data cleansing and conversion</li></ul> <p><u>2017-18</u></p> <ul style="list-style-type: none"><li>1) Develop test cases, training manuals and documentation in performing the various business processes/functionalities progressively developed in the new PAS for all impacted business units.<ul style="list-style-type: none"><li>i. Active Member Services</li><li>ii. Retirement Services</li><li>iii. DROP/Service Pensions</li><li>iv. Medical and Dental Benefits</li><li>v. Accounting</li><li>vi. Disability</li><li>vii. Systems</li></ul></li></ul> <p><u>2018-19</u></p> <ul style="list-style-type: none"><li>a) Provide User Acceptance Testing and Parallel Processing results confirming the newly implemented PAS solution meets the required functionality for smooth transition to the new PAS.</li><li>b) PAS Production Implementation Post-Implementation Maintenance and Warranty</li></ul>
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## GOAL III – Enhance Customer Service to our Members

### Project 7: Enhance Member & Stakeholder Educational Opportunities

Duration: 2015-16

Project Lead: Carol Tavares, Senior Management Analyst

Project Participants: Communications & Special Projects

Stakeholders: LAFPP Staff, LAFPP Members and Beneficiaries, and the City

PROJECT OBJECTIVE	Provide members, the City and the public with thorough and timely information regarding our Plan, utilizing a range of communications methods.
PROJECT HISTORY	The Department website was recently upgraded to organize information for easy access by all stakeholders. Staff should now focus on researching and employing technology enhancements to quickly route information, educate and monitor interaction with members and all stakeholders and allow for evaluation of services.
2015-16 DELIVERABLES	Explore and research technologies and tools to actively promote and monitor interaction with stakeholders to include: <ul style="list-style-type: none"> <li>1) Expansion of member education;</li> <li>2) Research and evaluation of other media and education options; and</li> <li>3) Research tools to assess our services.</li> </ul>
2015-16 MILESTONES	<p><u>BY DECEMBER 31, 2015:</u></p> <ul style="list-style-type: none"> <li>a) Research the possibility of contracting with a certified financial planner for members;</li> <li>b) Begin developing a library of informational videos to post on the website regarding benefits and other general plan information;</li> <li>c) Research and evaluate the use of additional social media networks and other electronic communication methods; and</li> <li>d) Develop an online survey to annually evaluate LAFPP services and the delivery of services.</li> </ul> <p><u>BY JUNE 30, 2016:</u></p> <ul style="list-style-type: none"> <li>a) Post informational videos on website and maintain a library of videos;</li> <li>b) Engage in any new social media that is deemed appropriate for benefits communications; and</li> <li>c) Evaluate survey responses and use the information to further enhance our services.</li> </ul>
2015-16 RESOURCES	No additional resources anticipated.

## GOAL III – Enhance Customer Service to our Members

### **Project 8: Health Care Benefit Option Development & Education**

Duration: 2015–2016, 2016-17

Project Lead: Anthony R. Torres, Manager, Medical & Dental Benefits Section

Project Participants: Medical & Dental Benefits Section Staff, LAFPP Health Consultant (Keenan & Associates)

Stakeholders: LAFPP Management, LAFPP Retired Members, and Board-approved Medical and Dental Insurance Plan Providers (aka, "Associations")

<b>PROJECT OBJECTIVE</b>	To identify alternative medical and dental insurance coverage options for those who currently receive their medical and/or dental insurance through LAFPP's agreement with the Los Angeles City Employees' Retirement System (LACERS) or their health subsidy through the Health Insurance Premium Reimbursement Program (HIPR).
<b>PROJECT HISTORY</b>	<p>A small group of LAFPP retirees has received coverage through LACERS health plans since LACERS took over civilian retiree health plan administration from the Personnel Department in 1999. Through its agreement with LACERS, LAFPP has offered coverage through LACERS health plans to both Port Police who retired under the Fire and Police Pension Plan, as well as retired firefighters who were not eligible to participate in plans offered by the United Firefighters of Los Angeles City or the Los Angeles Firemen's Relief Association. LACERS has informed LAFPP that it wishes to end all LAFPP pensioner enrollment in its medical and dental plans as soon as possible. LACERS is concerned about the risk that LAFPP pensioners' utilization patterns could adversely affect LACERS plan rates.</p> <p>Beginning with coverage in 2001, the HIPR program has allowed pensioners eligible for a subsidy, but who do not have access to coverage under a Board-approved HMO plan or reside outside of the state of California, to submit documentation of health plan premiums paid for reimbursement. Reimbursement is the lesser of the health plan premium paid or the pensioner's subsidy eligibility. Retired members in Medicare are limited in their reimbursement to the Maximum Medicare Health Subsidy, with no additional amount paid for dependent coverage.</p>



## Project 8: Health Care Benefit Option Development & Education (Continued)

<p>2015-16 DELIVERABLES</p>	<p>a) Work with Keenan &amp; Associates, LAFPP's Health Consultant, to identify potential alternative medical and dental insurance coverage options for those LAFPP pensioners who receive their medical and/or dental coverage through LACERS' health plans, or who receive their subsidy through the HIPR program.</p> <p>b) Develop cost estimates for the alternative coverage options identified.</p> <p>c) Present recommendations to the Board for alternative medical and dental insurance coverage options.</p>
<p>2015-16 MILESTONES</p>	<p><u>BY DECEMBER 31, 2015:</u> Identify potential medical and dental insurance coverage options for those LAFPP pensioners currently enrolled in LACERS medical and/or dental plans, as well as those who participate in the HIPR program.</p> <p><u>BY MARCH 31, 2016:</u> Develop cost estimates for the medical and dental insurance coverage options identified.</p> <p><u>BY JUNE 30, 2016:</u> Present the options identified and their associated costs to the Board for approval and further direction.</p>
<p>2015-16 RESOURCES</p>	<p>The budget for health consulting services as recommended by staff for FY 2015-2016 is \$30,000.</p>

## Goal IV – Pursue Operational Efficiencies

### **Project 9: Operational Best Practices**

Duration: 2015-16

Project Lead: Stephanie Clements, Chief Management Analyst, Administrative Operations Division

Project Participants: All Sections

Stakeholders: Board, LAFPP Management and Staff, LAFPP Members, and the City

<b>PROJECT OBJECTIVE</b>	To continuously research and implement operational best practices in a variety of areas, determine feasibility, cost and value of implementing best practices and make recommendations to Executive Staff and/or the Board as appropriate.
<b>PROJECT HISTORY</b>	<p>Throughout the years, LAFPP has successfully implemented operational improvements based on staff innovation and best practices of other pension systems and public agencies. For FY 2015-16, in addition to the other 2015-16 Business Plan projects supporting best practices, staff will focus on: <u>Performance Based Budgeting (PBB) &amp; Performance Budget System (PBS)</u> PBB is the practice of developing budgets based on the relationship between funding levels and expected outcomes/results. In FY 2011-12, City Council instructed the CAO, CLA &amp; Controller’s Office to begin phasing in PBB and directed all City Departments to engage in this process in upcoming budget cycles (CF 11-1702-S1). Mayor Garcetti has expedited the implementation of PBB City-wide. In support of Mayor Garcetti’s efforts, staff developed an internal PBS for the 2014-15 Budget cycle, which helped expedite the budget process, while linking Mayoral and General Manager priority outcomes with all budget requests. In 2015-16, staff will focus efforts on enhancing the link between outcomes/goals and resources/expenditures for the base budget and new budget requests, continued compliance with Mayoral PBB objectives when feasible, and automating the development of budget schedules in PBS.</p> <p><u>Performance Metrics</u> – Metrics measure an organization’s activities and performance by using quantifiable data to drive resource decisions and improve accountability. Performance metrics can help drive decisions about performance, hold managers and staff accountable, and help individuals and teams perform to their highest potential. In 2014-15, staff developed 21 metrics and report on progress of those metrics monthly to the Mayor. During the 2015-16 LAFPP budget cycle, staff developed additional internal metrics to track productivity and performance. In 2015-16, staff will work to further refine these metrics and establish automated methodologies to for tracking and evaluating results.</p>

## Project 9: Operational Best Practices (Continued)

<p><b>PROJECT HISTORY (Continued)</b></p>	<p><u>Technology - New Email System (Microsoft Office 365) and Tablet Deployment</u>– Staff currently utilizes an older email system (Novell Groupwise) that has limited features and integration with other systems, and is not widely supported. Also, staff do not have a standard collaboration tool for collectively editing and sharing documents. Staff have determined that Microsoft Office 365 is the best solution for a new email system and a collaboration tool within our environment. It offers enhanced features, better integration with other systems, and extensive support. Furthermore, it serves well in improving productivity with its collaboration support of mobile platforms such as the iPad, iPhone, etc. This project is commencing in Spring of 2015 to be completed in FY 2015-16.</p> <p>Currently, Board members and executive staff have been provided with iPads which have been extremely valuable for Board meetings, mobile communication, and productivity efforts. Paper costs have declined as a result and with Office 365 to be installed, the tablet functionality will increase in collaboration with document editing and creation features. The proposed FY 2015-16 Budget includes funding to cover the tablet replacement cycle and to expand the tablet program to Section Managers to further reduce paper costs and increase productivity.</p>
<p><b>2015-16 DELIVERABLES</b></p>	<ol style="list-style-type: none"> <li>1) <u>PBB and PBS Budget System Enhancements</u> - Complete PBB Budget System Enhancements (outcome/goals and resources (budget and expenditure) linkages and budget schedule automation.</li> <li>2) <u>Performance Metrics</u> - Finalize internal 2015-16 Performance Metrics and automating collection of data.</li> <li>3) <u>Technology – New Email System and Tablet Deployment</u> - Implement new email system, Microsoft Office 365; Complete tablet replacement cycle and deploy new tablets to Section Managers.</li> </ol>

## Project 9: Operational Best Practices (Continued)

<p>2015-16 MILESTONES</p>	<p><u>BY SEPTEMBER 30, 2015:</u></p> <ol style="list-style-type: none"> <li>1) <u>PBB and PBS Enhancements</u> – Develop a plan for suggested PBB enhancements;</li> <li>2) <u>Performance Metrics</u> – Finalize 2015-16 Metrics and continue to work to automate data collection; and</li> <li>3) <u>Technology - New Email System and Tablet Deployment</u> – Assess current email environment; Plan for feature and functionality deployment; Procure hardware and software for email system.</li> </ol> <p><u>BY DECEMBER 31, 2015:</u></p> <ol style="list-style-type: none"> <li>1) <u>PBB and PBS Enhancements</u> – Implement the plan for suggested PBB enhancements; and</li> <li>2) <u>Technology - New Email System and Tablet Deployment</u> – Setup and configure new email system including migrating and archiving existing emails; Conduct testing and pilot implementation; Cutover to production; Develop and conduct user training; establish maintenance and standard operating procedures; and Research, test, and procure tablets and accessories.</li> </ol> <p><u>BY MARCH 31, 2016:</u></p> <ol style="list-style-type: none"> <li>1) <u>PBB and PBS Enhancements</u> - Incorporate PBB changes into the 2016-17 Budget Development Process;</li> <li>2) <u>Performance Metrics</u> – Continue to distribute 2015-16 Metrics results and review/analyze to determine changes to metrics methodologies and/or resource distribution for 2016-17; and</li> <li>3) <u>Technology - New Email System and Tablet Deployment</u> – Setup and configure tablets; Deploy tablets.</li> </ol> <p><u>BY JUNE 30, 2016:</u></p> <ol style="list-style-type: none"> <li>1) <u>PBB and PBS Enhancements</u> - Finalize the 2016-17 Budget; and</li> <li>2) <u>Performance Metrics</u> – Refine and Revise Metrics for 2016-17.</li> </ol>
<p>2015-16 RESOURCES</p>	<p>No additional resources required for PBB and Metrics; \$50,000 was included in the FY 2014-15 Budget for a new email system and \$30,000 is requested in the FY 2015-16 Budget for the tablets.</p>

## Goal IV – Pursue Operational Efficiencies

### **Project 10: Employee Development, Recruitment & Training**

Duration: 2015-16, 2016-17

Project Lead: Stephanie Clements & Lindi Willhite, Administrative Operations Division

Project Participants: All Sections

Stakeholders: LAFPP Staff and Management

<b>PROJECT OBJECTIVE</b>	To enhance the LAFPP employee development, recruitment and training program in order to help retain and further develop our talented workforce, to encourage employee professional growth creating a culture of excellence required for the long term success of LAFPP.
<b>PROJECT HISTORY</b>	<p>In conjunction with Mayor Garcetti’s Back to Basics Outcome to ‘Restore pride and excellence in public service’, the following two projects help to support these goals.</p> <p>1) <u>New Benefits Analyst/Senior Benefits Analyst Classes</u> - The 2015-16 proposed budget includes 18 Benefit Specialist positions, totaling about 15% of our workforce. Benefit Specialists are the LAFPP front line, calculating complicated benefit structures and counseling our members and beneficiaries on benefit options. Unlike most other City classifications, there is no natural promotional opportunity established, such as an ‘analyst’ or ‘senior’ benefits position, similar to other administrative classifications such as accountant, typist, and management analyst. Therefore, the opportunities for staff to advance up the career ladder are limited once one becomes a Benefit Specialist. LAFPP supports exploring new Benefits Analyst and Senior Benefits Analyst classifications to develop a promotional career ladder for these vital employees. In 2014, LAFPP, LACERS and the Personnel Department met to discuss this issue and LAFPP has taken the lead to prepare draft classification specifications for these proposed classes.</p> <p>2) <u>Training</u> - In 2012, a new LAFPP Employee Training Program matrix was developed (as a result of the five-year 2007 Management Audit) to include in-house and external training resources for all LAFPP classifications. The program had been designed to emphasize a curriculum specific to each employee’s job classification. In 2014, LAFPP procured an annual training pass for staff to attend professional seminars. In FY 2015-16, LAFPP plans to continue with Fred Pryor but also procure Lynda.com, an online program with a more technological focus. One often under looked training resource is our own experienced and knowledgeable staff, but staff may have less opportunity to share that knowledge with others. In 2015-16, staff would like to propose Brown Bag lunches, an informal opportunity for employees to share and learn at work, and enhance employee knowledge transfer on specific issues and ideas.</p>

## Project 10: Employee Development, Recruitment & Training (Continued)

<p>2015-16 DELIVERABLES</p>	<p>1) <u>Benefits Analyst/Senior Benefits Analyst</u> – Assuming Civil Service Commission approval, development of new classifications to afford a promotional opportunity to vital LAFPP staff.</p> <p>2) <u>Training</u> Review Training Program Matrix and make changes as required; Ensure all LAFPP staff take at least two (2) non-mandated training sessions of their choice; and Schedule two (2) Brown Bag Lunch Sessions in 2015-16.</p>
<p>2015-16 MILESTONES</p>	<p><u>BY SEPTEMBER 30, 2015:</u></p> <p>1) <u>Benefits Analyst/Senior Benefits Analyst</u> – Finalize draft position classifications and establish regular meetings with LACERS and DWP to further advance new classifications; and</p> <p>2) <u>Training</u> - Renew annual Fred Pryor Training Pass and subscribe to Lynda.com for staff</p> <p><u>BY DECEMBER 31, 2015:</u></p> <p>1) <u>Benefits Analyst/Senior Benefits Analyst</u> – Submit all paperwork and requirements to Personnel Department; and</p> <p>2) <u>Training</u> – Review Training matrix and recommend changes, Schedule one brown bag lunch</p> <p><u>BY MARCH 31, 2016:</u></p> <p>1) <u>Benefits Analyst/Senior Benefits Analyst</u> – Continue working with Personnel, LACERS &amp; DWP; and</p> <p>2) <u>Training</u> – Implement changes to the Training matrix and distribute to staff.</p> <p><u>BY JUNE 30, 2016:</u></p> <p>1) <u>Benefits Analyst/Senior Benefits Analyst</u> – Continue working with Personnel, LACERS &amp; DWP to complete classification project; and</p> <p>2) <u>Training</u> – Ensure all staff attend two training sessions of their choice, schedule one brown bag lunch and budget funding for FY 2016-17 Training Program.</p>
<p>2015-16 RESOURCES</p>	<p>Funding totaling about \$18,000 will be required for Annual Training programs.</p>

## Goal V – Enhance Communication Efforts and Outreach

### Project 11: Enhance Inter-Departmental Collaborations

Duration: 2015-16

Project Lead: Robyn Wilder, Chief Benefits Analyst, Pensions Division

Project Participants: Pensions Division Staff

Stakeholders: Board, LAFPP Staff, LAFPP Members, and the City

PROJECT OBJECTIVE	Enhance our communications to members, the City, and the public regarding our Plan; Strengthen relationships and enhance interactions with the Police, Fire and Harbor Departments, along with other City Departments, employee unions and retiree organizations.
PROJECT HISTORY	Members seek guidance from their respective employing Departments prior to retirement, resignation or discharge. The Police Department has staff dedicated to counseling sworn members, while other Departments do not have a formal process. We seek to ensure that members receive accurate and timely information, during all phases of their careers.
2015-16 DELIVERABLES	Establish regular ongoing communication with LAPD's Retirement Counselor's Office (RCO), Fire and Harbor Department's Personnel sections, labor organizations and other City Departments.
2015-16 MILESTONES	<p><u>BY SEPTEMBER 30, 2015:</u> Quarterly meetings (minimum) scheduled with LAPD's RCO to discuss issues pertaining to LAFPP members. Establish point of contact with Fire and Harbor Departments.</p> <p><u>BY DECEMBER 31, 2015:</u> Schedule quarterly meetings with LAFD and Harbor contacts to discuss issues pertaining to LAFPP members. Schedule quarterly meetings with employee unions and retired associations. Attend LAPPL Delegates meetings quarterly.</p> <p><u>BY MARCH 31, 2016:</u> Have an LAFPP representative attend all Los Angeles Retired Fire &amp; Police Association membership meetings.</p>
2015-16 RESOURCES	No additional resources required in FY 2015-16.

# GOAL V – Enhance Communication Efforts and Outreach

## Project 12: Enhance Emerging Manager Outreach

Duration: 2015-2016

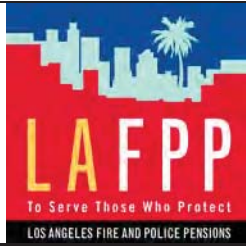
Project Lead: Tom Lopez, Chief Investment Officer, Investments Division

Project Participants: Investments Division

Stakeholders: Board, Emerging Managers and the City

PROJECT OBJECTIVE	To increase outreach and participation with diversity organizations (NAA, NASP, AAAIM and NAIC) and enhance the presence of the Department within the minority and women-owned business community.
PROJECT HISTORY	This is a continuing project and in its third year. Staff has been attending four to seven emerging manager events a year now and has used a variety of outlets to publicize searches that the Board is undertaking for emerging managers.
2015-16 DELIVERABLES	<ol style="list-style-type: none"> <li>1) Attend one emerging manager event a quarter;</li> <li>2) Use a variety of media and organizations to notify emerging managers of potential investment opportunities; and</li> <li>3) Complete an annual Emerging Manager Report to the Board.</li> </ol>
2015-16 MILESTONES	<p><u>BY SEPTEMBER 30, 2015:</u></p> <ol style="list-style-type: none"> <li>1) Attend an emerging manager event; and</li> <li>2) Use media/organizations to notify emerging managers of investment opportunities.</li> </ol> <p><u>BY DECEMBER 31, 2015:</u></p> <ol style="list-style-type: none"> <li>1) Attend an emerging manager event; and</li> <li>2) Use media/organizations to notify emerging managers of investment opportunities.</li> </ol> <p><u>BY MARCH 31, 2016:</u></p> <ol style="list-style-type: none"> <li>1) Attend an emerging manager event; and</li> <li>2) Use media/organizations to notify emerging managers of investment opportunities.</li> </ol> <p><u>BY JUNE 30, 2016:</u></p> <ol style="list-style-type: none"> <li>1) Attend an emerging manager event;</li> <li>2) Use media/organizations to notify emerging managers of investment opportunities; and</li> <li>3) Complete annual Emerging Manager Report to the Board</li> </ol>
2015-16 RESOURCES	Additional travel expenses and staff time outside of the office will be required in FY 2015-16.





## ***DEPARTMENT OF FIRE AND POLICE PENSIONS***

360 East Second Street, Suite 400  
Los Angeles, CA 90012  
(213) 978-4545

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

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**DATE:** MARCH 19, 2015 **ITEM:** B.2

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

**SUBJECT:** 2015-16 PROPOSED ANNUAL BUSINESS PLAN AND POSSIBLE BOARD ACTION

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#### **RECOMMENDATION**

That the Board approve the attached 2015-16 Proposed Business Plan.

#### **BACKGROUND**

In Fiscal Year (FY) 2007-08, the Board adopted LAFPP's first Strategic Plan. Since then, while the process has been refined each year, significant changes were not made until the development of the FY 2013-14 Plan. In April 2013, the Board adopted staff's recommendations to facilitate a triennial strategic planning session, hire a consultant to help facilitate a strategic planning Board session, and to send the proposed strategic plan and budget directly to the Board rather than having them be first reviewed by the Audit Committee. Accordingly, beginning with the FY 2014-15 reports, the reports are sent directly to the Board.

The triennial sessions were initiated with the help of a consultant in March 2014 by staff developing an internal SWOT Analysis (Strengths, Weaknesses, Opportunities, & Threats). This internal SWOT was then used as a basis for discussion during Board and staff discussions in both July and December of 2014. The purpose of these meetings was to establish the Board's vision and core values, and review and refine the mission and long term goals, goal objectives and strategic initiatives. The results of the sessions were codified into a 2015-16 Three-Year Strategic Plan document which was approved by the Board on February 5, 2015 (Attachment II).

As discussed previously with the Board, staff will use the 2015-16 Three-Year Strategic Plan to develop, monitor and implement various projects through an annual Business Plan to achieve the Board's long-term goals. As such, rather than receiving an annual "Strategic Plan" from staff, the Board will receive an annual "Business Plan" from staff to methodically allocate resources to the most critical areas of our operations.

#### **DISCUSSION**

The proposed FY 2015-16 Business Plan (Attachment I) consists of twelve projects including five projects carried over from FY 2014-15 and seven new projects. The Business Plan was developed and is organized pursuant to LAFPP's five recently revised primary goal areas:

- 1) Ensure a Financially Sound Retirement System;
- 2) Manage Risk throughout the Organization;
- 3) Enhance Customer Service to our Members;
- 4) Pursue Operational Efficiencies; and
- 5) Enhance Communication Efforts and Outreach.

These goal areas ensure that projects are prioritized relative to operational needs and incorporate the necessary resources into the budget development process. This process also allows staff to measure progress and adjust periodically to reflect any changes that may occur.

As previously conveyed to the Board, among the twelve projects are two of the most significant multi-year projects ever undertaken by the Department: The New Pension Administration System (PAS) Project (No. 6) and the new Headquarters Facility Project (No. 4), with both projects accelerating in FY 2015-16. Collectively, these projects are expected to span several years and will require a considerable amount of resources by the Department.

The PAS project (No. 6) involves a complete transition of all member data and payment processing to a new system and will require a sustained, Department-wide effort for several years. A separate report on this project will be presented to the Board by June 2015 allowing sufficient staff time to complete the review and evaluation of vendor proposals and develop a staffing and implementation plan. For the Headquarters Facility Project (No. 4), a separate Report will provide a comprehensive review of the project and request any additional resources that may be necessary.

The three other multi-year projects continuing from FY 2014-15 include: 1) Business Continuity Planning/Disaster Recovery (No. 5) in support of continued emergency planning efforts; 2) Operational Best Practices (No. 9) to track projects that help improve performance and efficiency; and 3) Enhance Emerging Manager Outreach (No. 12) in continued support of this program.

The seven new FY 2015-16 proposed Business Plan projects include: 1) Implementation of Asset Liability Study Recommendations (No. 1) to track all Board-approved asset allocation recommendations; 2) Complete GASB 67/68 Implementation (No. 2) to ensure GASB requirements are successfully met; 3) Local & Sustainable Investments – Regular Reporting (No. 3) to regularly provide information to the Board regarding these types of investments; 4) Enhance Member & Stakeholder Educational Opportunities (No. 7) in support of our expanded communication and educational efforts; 5) Health Care Benefit Option Development and Education (No. 8) to identify alternative health care coverage options for LAFPP members who currently receive health insurance through LACERS or a health subsidy through the Health Insurance Premium Reimbursement Program; 6) Employee Development, Recruitment and Training (No. 10) to enhance and track human resource efforts; and 7) Enhance Inter-Departmental Collaborations (No. 12) to strengthen relationships with other City Departments.

The included workload level indicator in the Project Summary Matrix (Attachment I, Pages 3-4) is intended to give the Board a sense of the workload staff is committed to completing next fiscal year.

Staff will continue to track the progress of all projects in the Business Plan Quarterly Update reports, and through these reports will recommend any necessary changes in scheduling or budget.

## **BUDGET**

Funding for the proposed projects has been included in the 2015-16 Proposed Budget, with the exception of future costs associated with the PAS Project (No. 6) and the New Headquarters Facility Project (No 4).

## **POLICY**

There are no policy changes proposed in this report.

This report was prepared by:

Stephanie Clements, Chief Management Analyst  
Administrative Operations Division

RPC:WSR:SHC

Attachments:

- I) 2015-16 Proposed Business Plan
- II) 2015-18 Three-Year Strategic Plan

# LAFPP

LOS ANGELES FIRE AND POLICE PENSIONS



**PROPOSED 2015-16 BUSINESS PLAN**

**AS ADOPTED BY THE BOARD:  
MARCH 19, 2015**



# FISCAL YEAR 2015-16 BUSINESS PLAN

## INTRODUCTION

Fiscal Year 2014-15 marked a renewed Strategic Planning process effort to more directly incorporate Board input into the triennial Strategic Plan process. Through various Strategic Plan facilitation sessions, the Board and Staff collaborated to develop the LAFPP vision and core values and to refine our mission and long-term goals, goal objectives and strategic initiatives for the organization. The 2015-18 Three Year Strategic Plan incorporates these major elements and was approved by the Board on February 5, 2015, including the new LAFPP Vision Statement:

*Our Vision is to be a leader and innovator in the public pension industry through an uncompromising dedication to excellence, customer service, transparency, and education.*

The 2015-18 Three-Year Strategic Plan serves as a blueprint to guide LAFPP in the development of the proposed annual 2015-16 Business Plan. The 2015-16 Business Plan methodically allocates resources to the most critical areas of our operations in order to successfully accomplish our (revised) mission: *To advance the health and retirement security of those who dedicate their careers and risk their lives to protect the people of Los Angeles.* Our Business Plan includes twelve projects, including seven new projects and five carried over from last year. We believe these twelve projects are the most critical to ensure we continue to meet the Department's five primary goals:

- 1) Ensure a Financially Sound Retirement System
- 2) Manage Risk Throughout the Organization
- 3) Enhance Customer Service to our Members
- 4) Pursue Operational Efficiencies
- 5) Enhance Communication Efforts and Outreach

Among the twelve projects are two of the most significant multi-year projects ever undertaken by the Department: The new Pension Administration System (PAS) Project (No. 7) and the New Headquarters Facility Project (No. 4). For the new PAS Project, staff are currently reviewing and evaluating vendor proposals in FY 2014-15. When a vendor is selected to implement a replacement PAS, a new contract and project amount will be negotiated. In FY 2015-16, we will initiate the implementation stage, which will conclude with the complete transition of all member data and the payment processing to a new system.

For the New Headquarters Facility Project (No. 4), staff is currently working with various consultants to oversee this project. Due to additional scope of work associated with the seismic design, the tentative relocation date has been delayed to October 2015. As discussed in previous years, both projects will require a significant amount of staff resources to ensure seamless transitions without disrupting service to members. As such, demands on staff resources for these two projects may impact or delay the completion of other projects in our Plan. Staff will report to the Board during the year if we determine other projects will be impacted or delayed.

Once again, I want to extend my deep appreciation to the Board and staff for its continued support for the Strategic and Business Plans over the years.

## 2015-16 BUSINESS PLAN PROJECT MATRIX SUMMARY

<b>GOAL I – Ensure a Financially Sound Retirement System</b>			
<b>Project Title</b>	<b>Workload Level</b>	<b>Duration</b>	<b>Project Objective</b>
1) NEW - Implementation of Asset Liability Study Recommendations	Lead: High Participants: High	2015-16 2016-17	To develop a new asset allocation that will allow the fund to meet its actuarial rate of return.
2) NEW - Complete GASB 67/68 Implementation	Lead: Moderate Participants: Moderate	2015-16	To improve financial reporting and enhance transparency of information required by the City of Los Angeles.
3) NEW - Local and Sustainable Investments – Regular Reporting	Lead: Moderate	2015-16	To provide the Board and staff with regular information regarding LAFPP's Local and Sustainable Investments
<b>GOAL II – Manage Risk Throughout the Organization</b>			
<b>Project Title</b>	<b>Workload Level</b>	<b>Duration</b>	<b>Project Objective</b>
4) New Headquarters Facility	Lead: Very High Participants: Very High	2015-16	To complete capital improvements and tentatively relocate in October 2015.
5) Business Continuity Planning / Disaster Recovery	Lead: High Participants: Moderate	2015-16	To preserve member services and meet operational needs during uncontrolled events that disrupts business processes.
6) Pension Administration System Replacement	Lead: High Participants: High	2015-16 2016-17 2017-18 2018-19	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.

## 2015-16 PROJECT SUMMARY MATRIX

<b>GOAL III – Enhance Customer Service to our Members</b>			
<b>Project Title</b>	<b>Workload Level</b>	<b>Duration</b>	<b>Project Objective</b>
7) NEW - Enhance Member & Stakeholder Educational Opportunities	Lead: High  Participants: Moderate	2015-16	To provide members, the City and the public with thorough and timely information regarding our Plan, utilizing a range of communication methods.
8) NEW - Health Care Benefit Option Development & Education	Lead: High  Participants: High	2015-16 2016-17	To identify alternative medical and dental insurance coverage options for those who currently receive their medical and/or dental insurance through LACERS or their health subsidy through the Health Insurance Premium Reimbursement Program.
<b>Goal IV – Pursue Operational Efficiencies</b>			
<b>Project Title</b>	<b>Workload Level</b>	<b>Duration</b>	<b>Project Objective</b>
9) Operational Best Practices	Lead: Moderate  Participants: Moderate	2015-16	To continuously research and implement operational best practices in a variety of areas.
10) NEW - Employee Development, Recruitment and Training	Lead: Moderate  Participants: Moderate	2015-16 2016-17	To enhance employee development, recruitment and training to help retain and further develop our talented LAFPP workforce.
<b>Goal V – Enhance Communication Efforts and Outreach</b>			
<b>Project Title</b>	<b>Workload Level</b>	<b>Duration</b>	<b>Project Objective</b>
11) NEW - Enhance Inter-Departmental Collaborations	Lead: Moderate  Participants: Moderate	2015-16	To strengthen relationships and enhance interactions with the Police, Fire and Harbor Departments, along with other City Departments, employee unions and retiree organizations.
12) Enhance Emerging Manager Outreach and Reporting	Lead: Medium  Participants: Moderate	2015-16	To continue to increase outreach and participation with diversity organizations to enhance the presence of the Department within the community.



## GOAL I – Ensure a Financially Sound Retirement System

### **Project 1: Implementation of Asset Liability Study & Recommendations**

Duration: 2015-16, 2016-17

Project Lead: Tom Lopez, Chief Investment Officer

Project Participants: Staff, Consultants, and the Board

Stakeholders: Board Members, LAFPP Staff, LAFPP Members, and the City

PROJECT OBJECTIVE	Develop a new asset allocation that includes asset liability modeling to provide the Board with more information when determining the Fund's asset allocation.
PROJECT HISTORY	Per Board Investment Policy Section 1.6, an Asset Allocation Plan shall be adopted and implemented by the Board which provides adequate diversification and gives the expectation of the highest rate of return commensurate with an acceptable level of risk, or volatility. The Board normally implements a new asset allocation every three to five years which is considered a best practice. Another best practice opportunity is an Asset Liability (AL) Study. This type of Study consists of a 'Deterministic Forecast' which provides a Plan analysis based on a fixed set of future assumptions, and a 'Stochastic Forecast' which provides a Plan analysis under many capital market environments based on expected asset returns, inflation and expected volatility. LAFPP has not performed a combined asset allocation and AL Study for many years, as noted in the recent 2012 five-year management audit. At our Board offsite meeting on February 19, 2015, there were two sessions on asset allocation to help prepare the Board for this project.
2015-16 DELIVERABLES	Complete the AL study before the end of calendar year 2015 and commence implementation.
2015-16 MILESTONES	<p><u>BY SEPTEMBER 30, 2015:</u> Complete AL Study and present to the Board.</p> <p><u>BY DECEMBER 31, 2015:</u> Start implementation of AL Study recommendations.</p> <p><u>BY JUNE 30, 2016:</u> Implement about 50% of the AL Study recommendations.</p>
2015-16 RESOURCES	The Asset Liability Study costs about \$52,000 and will require a substantial amount Staff, Consultant and Board time.



## GOAL I – Ensure a Financially Sound Retirement System

### Project 2: Complete GASB 67/68 Implementation

Duration: 2015-16

Project Leads: Erin Kenney (Departmental Chief Auditor) & Yolanda Huang (Departmental Chief Accountant)

Project Participants: Internal Audit Section, Accounting Section, LAFPP staff, external auditors, and actuary

Stakeholders: LAFPP staff and management, the Board, and the City

PROJECT OBJECTIVE	To improve financial reporting and enhance transparency of information required by the City of Los Angeles.
PROJECT HISTORY	The Governmental Accounting Standards Board (GASB) issued GASB 67 and 68 to improve financial reporting by state and local governmental pension plans. Implementation of these standards is critical to ensuring LAFPP's financial statements, notes to financial statements, required supplementary information, and measurement of pension liability are accurately reported and that information required by the City of Los Angeles is provided properly. With the assistance of our external auditors and actuary, LAFPP began implementation of both GASB 67 and 68 in 2014.
2015-16 DELIVERABLES	Complete implementation of GASB 67 and 68 successfully.
2015-16 MILESTONES	<p><u>BY SEPTEMBER 30, 2015:</u> Provide information to our external financial statements auditor and to our actuary to assist in GASB 67 and 68 full implementation.</p> <p><u>BY DECEMBER 31, 2015:</u> Present audited financial statements consistent with the requirements of GASB 67 and 68 to the Board for approval and for presentation to the City of Los Angeles.</p>
2015-16 RESOURCES	Internal Audit and Accounting Section staff will coordinate responses to requests for information from the external financial statements auditors and in conjunction with data provided to the actuary. Costs associated with GASB 67 and 68 implementation for the external financial statements auditor and actuary have been budgeted.

## GOAL I – Ensure a Financially Sound Retirement System

### **Project 3: Local and Sustainable Investments: Regular Reporting**

Duration: 2015-2016

Project Lead: Tom Lopez, Chief Investment Officer, Investments Division

Project Participants: Investments Division staff

Stakeholders: Board, LAFPP Management, and the City

PROJECT OBJECTIVE	To provide the Board and staff with regular information regarding LAFPP's Local and Sustainable Investments.
PROJECT HISTORY	The LAFPP portfolio includes some investments that support the Mayor's "back to basics" priority outcomes of 1) Promoting good jobs for Angelenos all across Los Angeles; and 2) Creating a more sustainable and livable city. Reports identifying local (LA City and California) and sustainable investments have been produced on an as-needed basis.
2015-16 DELIVERABLES	Two semi-annual Local and Sustainable Investment Reports will be presented to the Board.
2015-16 MILESTONES	<p><u>BY SEPTEMBER 30, 2015:</u> First semi-annual report to be presented to the Board.</p> <p><u>BY MARCH 31, 2016:</u> Second semi-annual report to be presented to the Board.</p>
2015-16 RESOURCES	Reports will be prepared utilizing existing staff and consultants. No additional resources will be required in FY 2015-16.

## GOAL II – Manage Risk Throughout the Organization

### **Project 4: New Headquarters Facility Project**

Duration: 2015-16

Project Lead: Bill Raggio, Executive Officer, Administrative Operations Division

Project Participants: All Staff

Stakeholders: Board, LAFPP Staff, and LAFPP Members and Beneficiaries

PROJECT OBJECTIVE	Complete capital improvements and relocate to the new headquarters tentatively scheduled for October 2015, in order to gain long-term control over the Department's office space requirements.
PROJECT HISTORY	This project has been a goal of the Board for many years and the project was initially included in the FY 2011-12 Strategic Plan. After extensive staff work to identify suitable buildings, LAFPP purchased a headquarters building in the Arts District in July 2013. Since this time, staff has been meeting regularly with consultants to complete the base building capital requirements (roof, elevator upgrades, HVAC upgrades, etc.) and occupancy refit specifications (rest room renovations, IT server rooms, Board Room build-out, cubicle furniture, etc.).
2015-16 DELIVERABLES	Complete tenant improvements, various capital projects and relocate to building. Ensure Board Room is capable of audio and video recording for future streaming/recording of Board Meetings.
2015-16 MILESTONES	<u>BY SEPTEMBER 30, 2015:</u> Complete all design work and tenant improvements and install technology improvements.  <u>BY DECEMBER 31, 2015:</u> Complete relocation of all staff and find parking solutions for staff and members.
2015-16 RESOURCES	The Board approved a maximum amount of \$19.2 million in July 2014. A comprehensive report will be provided to the Board prior to staff relocation.

## GOAL II – Manage Risk Throughout the Organization

### **Project 5: Business Continuity Planning/ Disaster Recovery**

Duration: 2015-16

Project Lead: Jennifer Huang-Leifeste, Programmer Analyst V, Systems Section

Project Participants: All Department Staff

Stakeholders: Board, LAFPP Members and Beneficiaries, and LAFPP Staff

PROJECT OBJECTIVE	To preserve member services and continue to meet operational needs during uncontrolled events that disrupts business processes.
PROJECT HISTORY	<p>LAFPP determined several years ago it needed to develop a plan to preserve member services during uncontrolled events such as hardware failures, fires, and earthquakes. In order to accomplish this goal, the first step - the development of the Business Impact Analysis (BIA) report for LAFPP critical business processes – was completed in October 2011. The BIA report provided LAFPP with a high-level plan and recommendations to reduce the risks and continue to provide services to our members during business disruptions.</p> <p>On September 1, 2011, the Board approved staff to proceed with the next step to develop a Business Continuity Plan (BCP).The goal of the BCP is to create a detailed plan that allows LAFPP to quickly recover from an event that disrupts operations and to mitigate the impact to the members. The BCP was completed in June 2012. With the BCP completed, LAFPP now has a detailed plan to quickly recover from various events and achieve the goal of preserving member services during business disruptions. In August 2014, the Board approved a vendor contract to provide off-site disaster recovery (DR) services. Some of the Department network infrastructure upgrades required for the DR solutions was also completed in August 2014 with the remaining upgrades scheduled for completion as part of the new headquarters build out in FY 2015-16.</p> <p>Staff is proceeding with the implementation of the off-site DR solutions with the vendor and DR system validation testing is planned for end of FY 2014-15 to ensure that services to the members will not be impacted during business disruptions. Lastly, reviewing and maintaining the BCP will occur annually to continuously meet the project objective as business processes change and evolve.</p>

## Project 5: Business Continuity Planning/Disaster Recovery (Continued)

2015-16 DELIVERABLES	<ul style="list-style-type: none"> <li>a) Implement new production network and phone system at new headquarters;</li> <li>b) Update the business continuity plan with all new components of the LAFPP's off-site disaster recovery system; and</li> <li>c) Perform a real-time activation of the business continuity plan to validate the accuracy of the plan and the disaster recovery system.</li> </ul>
2015-16 MILESTONES	<p>The schedules for the following milestones are contingent upon the relocation to the new Headquarters building.</p> <p><u>BY SEPTEMBER 30, 2015:</u> Determine the specs and purchase the required hardware and software for the production network at the new Headquarters.</p> <p><u>BY DECEMBER 31, 2015:</u></p> <ul style="list-style-type: none"> <li>1) Plan, install, configure, and validate the production network hardware and software at the new headquarters which will provide data communication to LAFPP's offsite disaster recovery location; and</li> <li>2) Validate that the new voice communication system (VoIP) is properly installed and configured at the new headquarters and make changes as needed for disaster recovery purposes</li> </ul> <p><u>BY MARCH 31, 2016:</u> Review and update the Business Continuity Plan to ensure that all components of the LAFPP's offsite disaster recovery system and critical business processes are incorporated into the plan.</p> <p><u>BY JUNE 30, 2016:</u></p> <ul style="list-style-type: none"> <li>1) Review, select, and plan one critical business function to perform a real-time business continuity/disaster recovery activation exercise; and</li> <li>2) Validate and report on the results from the exercise</li> </ul>
2015-16 RESOURCES	Funding for the production network and phone system at the new headquarters is included in the New Headquarters Facility Project No. 4. No additional costs or resources are anticipated at this time.

## GOAL III – Enhance Customer Service to our Members

### Project 6: Pension Administration System Replacement

Duration: 2015-16 / 2016-17 / 2017-18 / 2018-19

Project Lead: Alfredo Domagat, Sr. Systems Analyst II, Systems Section

Project Participants: LAFPP Staff, Consultants, Northern Trust, the Information Technology Agency, and Office of the Controller

Stakeholders: LAFPP Staff and Management, and LAFPP Members and Beneficiaries

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.
PROJECT HISTORY	After a competitive bidding process, a consultant was selected in June 2013 to assist in evaluating our business operational needs against the capabilities of our current Pension Administration System. The selected consultant (LRWL) helped staff develop the business and technical requirements for the replacement of the current Pension Administration System. Based on these requirements, a RFP was issued in July 2014 and bids were received in October 2014. An Evaluation Team comprised of several LAFPP staff evaluated the RFPs and the functionality of each proposed PAS system. It is anticipated that the selected vendor will be presented to the Board for approval by May 2015.
2015-16 DELIVERABLES	<ol style="list-style-type: none"> <li>1) Complete the Master Plan to implement the new Pension Administration System (PAS) and establish the project control standards to track and manage the project;</li> <li>2) Install necessary hardware and software to support the new Pension Administration System; and</li> <li>3) Ongoing data cleansing and conversion</li> </ol>
2015-16 MILESTONES	<p><u>BY SEPTEMBER 30, 2015:</u> Complete the Master/Work Plan including a detailed schedule of the Work Breakdown Structure for the entire project.</p> <p><u>BY MARCH 31, 2016:</u> Complete the development/gathering of the detailed requirements for the project.</p>
2015-16 RESOURCES	Cost is dependent on the cost proposal received from the selected new PAS vendor and whether or not IT Consultant services will be utilized for Oversight Project Management and Quality Assurance. LAFPP management expect to make this determination by the end of March 2015. A separate funding and staffing report will be provided to the Board by May 2015.

## Project 6: Pension Administration System Replacement (Continued)

FUTURE YEAR DELIVERABLES	<p><u>2016-17</u></p> <ul style="list-style-type: none"> <li>a) Develop design documentation describing the changes necessary to meet requirements gathered from the various business units.</li> <li>b) Ongoing data cleansing and conversion</li> </ul> <p><u>2017-18</u></p> <ul style="list-style-type: none"> <li>1) Develop test cases, training manuals and documentation in performing the various business processes/functionalities progressively developed in the new PAS for all impacted business units.             <ul style="list-style-type: none"> <li>i. Active Member Services</li> <li>ii. Retirement Services</li> <li>iii. DROP/Service Pensions</li> <li>iv. Medical and Dental Benefits</li> <li>v. Accounting</li> <li>vi. Disability</li> <li>vii. Systems</li> </ul> </li> </ul> <p><u>2018-19</u></p> <ul style="list-style-type: none"> <li>a) Provide User Acceptance Testing and Parallel Processing results confirming the newly implemented PAS solution meets the required functionality for smooth transition to the new PAS.</li> <li>b) PAS Production Implementation Post-Implementation Maintenance and Warranty</li> </ul>
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## GOAL III – Enhance Customer Service to our Members

### Project 7: Enhance Member & Stakeholder Educational Opportunities

Duration: 2015-16

Project Lead: Carol Tavares, Senior Management Analyst

Project Participants: Communications & Special Projects

Stakeholders: LAFPP Staff, LAFPP Members and Beneficiaries, and the City

PROJECT OBJECTIVE	Provide members, the City and the public with thorough and timely information regarding our Plan, utilizing a range of communications methods.
PROJECT HISTORY	The Department website was recently upgraded to organize information for easy access by all stakeholders. Staff should now focus on researching and employing technology enhancements to quickly route information, educate and monitor interaction with members and all stakeholders and allow for evaluation of services.
2015-16 DELIVERABLES	Explore and research technologies and tools to actively promote and monitor interaction with stakeholders to include: <ul style="list-style-type: none"> <li>1) Expansion of member education;</li> <li>2) Research and evaluation of other media and education options; and</li> <li>3) Research tools to assess our services.</li> </ul>
2015-16 MILESTONES	<p><u>BY DECEMBER 31, 2015:</u></p> <ul style="list-style-type: none"> <li>a) Research the possibility of contracting with a certified financial planner for members;</li> <li>b) Begin developing a library of informational videos to post on the website regarding benefits and other general plan information;</li> <li>c) Research and evaluate the use of additional social media networks and other electronic communication methods; and</li> <li>d) Develop an online survey to annually evaluate LAFPP services and the delivery of services.</li> </ul> <p><u>BY JUNE 30, 2016:</u></p> <ul style="list-style-type: none"> <li>a) Post informational videos on website and maintain a library of videos;</li> <li>b) Engage in any new social media that is deemed appropriate for benefits communications; and</li> <li>c) Evaluate survey responses and use the information to further enhance our services.</li> </ul>
2015-16 RESOURCES	No additional resources anticipated.



## GOAL III – Enhance Customer Service to our Members

### **Project 8: Health Care Benefit Option Development & Education**

Duration: 2015–2016, 2016-17

Project Lead: Anthony R. Torres, Manager, Medical & Dental Benefits Section

Project Participants: Medical & Dental Benefits Section Staff, LAFPP Health Consultant (Keenan & Associates)

Stakeholders: LAFPP Management, LAFPP Retired Members, and Board-approved Medical and Dental Insurance Plan Providers (aka, "Associations")

PROJECT OBJECTIVE	To identify alternative medical and dental insurance coverage options for those who currently receive their medical and/or dental insurance through LAFPP's agreement with the Los Angeles City Employees' Retirement System (LACERS) or their health subsidy through the Health Insurance Premium Reimbursement Program (HIPR).
PROJECT HISTORY	<p>A small group of LAFPP retirees has received coverage through LACERS health plans since LACERS took over civilian retiree health plan administration from the Personnel Department in 1999. Through its agreement with LACERS, LAFPP has offered coverage through LACERS health plans to both Port Police who retired under the Fire and Police Pension Plan, as well as retired firefighters who were not eligible to participate in plans offered by the United Firefighters of Los Angeles City or the Los Angeles Firemen's Relief Association. LACERS has informed LAFPP that it wishes to end all LAFPP pensioner enrollment in its medical and dental plans as soon as possible. LACERS is concerned about the risk that LAFPP pensioners' utilization patterns could adversely affect LACERS plan rates.</p> <p>Beginning with coverage in 2001, the HIPR program has allowed pensioners eligible for a subsidy, but who do not have access to coverage under a Board-approved HMO plan or reside outside of the state of California, to submit documentation of health plan premiums paid for reimbursement. Reimbursement is the lesser of the health plan premium paid or the pensioner's subsidy eligibility. Retired members in Medicare are limited in their reimbursement to the Maximum Medicare Health Subsidy, with no additional amount paid for dependent coverage.</p>

## Project 8: Health Care Benefit Option Development & Education (Continued)

2015-16 DELIVERABLES	<p>a) Work with Keenan &amp; Associates, LAFPP's Health Consultant, to identify potential alternative medical and dental insurance coverage options for those LAFPP pensioners who receive their medical and/or dental coverage through LACERS' health plans, or who receive their subsidy through the HIPR program.</p> <p>b) Develop cost estimates for the alternative coverage options identified.</p> <p>c) Present recommendations to the Board for alternative medical and dental insurance coverage options.</p>
2015-16 MILESTONES	<p><u>BY DECEMBER 31, 2015:</u> Identify potential medical and dental insurance coverage options for those LAFPP pensioners currently enrolled in LACERS medical and/or dental plans, as well as those who participate in the HIPR program.</p> <p><u>BY MARCH 31, 2016:</u> Develop cost estimates for the medical and dental insurance coverage options identified.</p> <p><u>BY JUNE 30, 2016:</u> Present the options identified and their associated costs to the Board for approval and further direction.</p>
2015-16 RESOURCES	The budget for health consulting services as recommended by staff for FY 2015-2016 is \$30,000.

## Goal IV – Pursue Operational Efficiencies

### **Project 9: Operational Best Practices**

Duration: 2015-16

Project Lead: Stephanie Clements, Chief Management Analyst, Administrative Operations Division

Project Participants: All Sections

Stakeholders: Board, LAFPP Management and Staff, LAFPP Members, and the City

PROJECT OBJECTIVE	To continuously research and implement operational best practices in a variety of areas, determine feasibility, cost and value of implementing best practices and make recommendations to Executive Staff and/or the Board as appropriate.
PROJECT HISTORY	<p>Throughout the years, LAFPP has successfully implemented operational improvements based on staff innovation and best practices of other pension systems and public agencies. For FY 2015-16, in addition to the other 2015-16 Business Plan projects supporting best practices, staff will focus on: <u>Performance Based Budgeting (PBB) &amp; Performance Budget System (PBS)</u> PBB is the practice of developing budgets based on the relationship between funding levels and expected outcomes/results. In FY 2011-12, City Council instructed the CAO, CLA &amp; Controller's Office to begin phasing in PBB and directed all City Departments to engage in this process in upcoming budget cycles (CF 11-1702-S1). Mayor Garcetti has expedited the implementation of PBB City-wide. In support of Mayor Garcetti's efforts, staff developed an internal PBS for the 2014-15 Budget cycle, which helped expedite the budget process, while linking Mayoral and General Manager priority outcomes with all budget requests. In 2015-16, staff will focus efforts on enhancing the link between outcomes/goals and resources/expenditures for the base budget and new budget requests, continued compliance with Mayoral PBB objectives when feasible, and automating the development of budget schedules in PBS.</p> <p><u>Performance Metrics</u> – Metrics measure an organization's activities and performance by using quantifiable data to drive resource decisions and improve accountability. Performance metrics can help drive decisions about performance, hold managers and staff accountable, and help individuals and teams perform to their highest potential. In 2014-15, staff developed 21 metrics and report on progress of those metrics monthly to the Mayor. During the 2015-16 LAFPP budget cycle, staff developed additional internal metrics to track productivity and performance. In 2015-16, staff will work to further refine these metrics and establish automated methodologies to for tracking and evaluating results.</p>

## Project 9: Operational Best Practices (Continued)

<p>PROJECT HISTORY (Continued)</p>	<p><u>Technology - New Email System (Microsoft Office 365) and iPad Deployment</u>– Staff currently utilizes an older email system (Novell Groupwise) that has limited features and integration with other systems, and is not widely supported. Also, staff do not have a standard collaboration tool for collectively editing and sharing documents. Staff have determined that Microsoft Office 365 is the best solution for a new email system and a collaboration tool within our environment. It offers enhanced features, better integration with other systems, and extensive support. Furthermore, it serves well in improving productivity with its collaboration support of mobile platforms such as the iPad, iPhone, etc. This project is commencing in Spring of 2015 to be completed in FY 2015-16.</p> <p>Currently, Board members and executive staff have been provided with iPads which have been extremely valuable for Board meetings, mobile communication, and productivity efforts. Paper costs have declined as a result and with Office 365 to be installed, the iPad functionality will increase in collaboration with document editing and creation features. The proposed FY 2015-16 Budget includes funding to cover the iPad replacement cycle and to expand the iPad program to Section Managers to further reduce paper costs and increase productivity.</p>
<p>2015-16 DELIVERABLES</p>	<ol style="list-style-type: none"> <li>1) <u>PBB and PBS Budget System Enhancements</u> - Complete PBB Budget System Enhancements (outcome/goals and resources (budget and expenditure) linkages and budget schedule automation.</li> <li>2) <u>Performance Metrics</u> - Finalize internal 2015-16 Performance Metrics and automating collection of data.</li> <li>3) <u>Technology – New Email System and iPad Deployment</u> - Implement new email system, Microsoft Office 365; Complete iPad replacement cycle and deploy new iPads to Section Managers.</li> </ol>

## Project 9: Operational Best Practices (Continued)

<p>2015-16 MILESTONES</p>	<p><u>BY SEPTEMBER 30, 2015:</u></p> <ol style="list-style-type: none"> <li>1)<u>PBB and PBS Enhancements</u> – Develop a plan for suggested PBB enhancements;</li> <li>2)<u>Performance Metrics</u> – Finalize 2015-16 Metrics and continue to work to automate data collection; and</li> <li>3)<u>Technology - New Email System and iPad Deployment</u> – Assess current email environment; Plan for feature and functionality deployment Procure hardware and software for email system.</li> </ol> <p><u>BY DECEMBER 31, 2015:</u></p> <ol style="list-style-type: none"> <li>1)<u>PBB and PBS Enhancements</u> – Implement the plan for suggested PBB enhancements; and</li> <li>2)<u>Technology - New Email System and iPad Deployment</u> – Setup and configure new email system including migrating and archiving existing emails; Conduct testing and pilot implementation; Cutover to production; Develop and conduct user training; establish maintenance and standard operating procedures; and Research and procure iPads and accessories.; Setup and configure iPads; Deploy iPads</li> </ol> <p><u>BY MARCH 31, 2016:</u></p> <ol style="list-style-type: none"> <li>1)<u>PBB and PBS Enhancements</u> - Incorporate PBB changes into the 2016-17 Budget Development Process;</li> <li>2)<u>Performance Metrics</u> – Continue to distribute 2015-16 Metrics results and review/analyze to determine changes to metrics methodologies and/or resource distribution for 2016-17; and</li> </ol> <p><u>BY JUNE 30, 2016:</u></p> <ol style="list-style-type: none"> <li>1)<u>PBB and PBS Enhancements</u> - Finalize the 2016-17 Budget; and</li> <li>2)<u>Performance Metrics</u> – Refine and Revise Metrics for 2016-17.</li> </ol>
<p>2015-16 RESOURCES</p>	<p>No additional resources required for PBB and Metrics; \$50,000 was included in the FY 2014-15 Budget for a new email system and \$30,000 is requested in the FY 2015-16 Budget for the iPads.</p>

## Goal IV – Pursue Operational Efficiencies

### **Project 10: Employee Development, Recruitment & Training Project**

Duration: 2015-16, 2016-17

Project Lead: Stephanie Clements & Lindi Willhite, Administrative Operations Division

Project Participants: All Sections

Stakeholders: LAFPP Staff and Management

PROJECT OBJECTIVE	To enhance the LAFPP employee development, recruitment and training program in order to help retain and further develop our talented workforce, to encourage employee professional growth creating a culture of excellence required for the long term success of LAFPP.
PROJECT HISTORY	<p>In conjunction with Mayor Garcetti's Back to Basics Outcome to 'Restore pride and excellence in public service', the following two projects help to support these goals.</p> <ol style="list-style-type: none"> <li>1) <u>New Benefits Analyst/Senior Benefits Analyst Classes</u> - The 2015-16 proposed budget includes 18 Benefit Specialist positions, totaling about 15% of our workforce. Benefit Specialists are the LAFPP front line, calculating complicated benefit structures and counseling our members and beneficiaries on benefit options. Unlike most other City classifications, there is no natural promotional opportunity established, such as an 'analyst' or 'senior' benefits position, similar to other administrative classifications such as accountant, typist, and management analyst. Therefore, the opportunities for staff to advance up the career ladder are limited once one becomes a Benefit Specialist. LAFPP supports exploring new Benefits Analyst and Senior Benefits Analyst classifications to develop a promotional career ladder for these vital employees. In 2014, LAFPP, LACERS and the Personnel Department met to discuss this issue and LAFPP has taken the lead to prepare draft classification specifications for these proposed classes.</li> <li>2) <u>Training</u> - In 2012, a new LAFPP Employee Training Program matrix was developed (as a result of the five-year 2007 Management Audit) to include in-house and external training resources for all LAFPP classifications. The program had been designed to emphasize a curriculum specific to each employee's job classification. In 2014, LAFPP procured an annual training pass for staff to attend professional seminars. In FY 2015-16, LAFPP plans to continue with Fred Pryor but also procure Lynda.com, an online program with a more technological focus. One often under looked training resource is our own experienced and knowledgeable staff, but staff may have less opportunity to share that knowledge with others. In 2015-16, staff would like to propose Brown Bag lunches, an informal opportunity for employees to share and learn at work, and enhance employee knowledge transfer on specific issues and ideas.</li> </ol>

## Project 10: Employee Development, Recruitment & Training Project (Continued)

2015-16 DELIVERABLES	<p>1) <u>Benefits Analyst/Senior Benefits Analyst –</u> Assuming Civil Service Commission approval, development of new classifications to afford a promotional opportunity to vital LAFPP staff.</p> <p>2) <u>Training</u> Review Training Program Matrix and make changes as required; Ensure all LAFPP staff take at least two (2) non-mandated training sessions of their choice; and Schedule two (2) Brown Bag Lunch Sessions in 2015-16.</p>
2015-16 MILESTONES	<p><u>BY SEPTEMBER 30, 2015:</u></p> <p>1) <u>Benefits Analyst/Senior Benefits Analyst –</u> Finalize draft position classifications and establish regular meetings with LACERS and DWP to further advance new classifications; and 2) <u>Training</u> - Renew annual Fred Pryor Training Pass and subscribe to Lynda.com for staff</p> <p><u>BY DECEMBER 31, 2015:</u></p> <p>1) <u>Benefits Analyst/Senior Benefits Analyst –</u> Submit all paperwork and requirements to Personnel Department; and 2) <u>Training</u> – Review Training matrix and recommend changes, Schedule one brown bag lunch</p> <p><u>BY MARCH 31, 2016:</u></p> <p>1) <u>Benefits Analyst/Senior Benefits Analyst</u> – Continue working with Personnel, LACERS &amp; DWP; and 2) <u>Training</u> – Implement changes to the Training matrix and distribute to staff.</p> <p><u>BY JUNE 30, 2016:</u></p> <p>1) <u>Benefits Analyst/Senior Benefits Analyst</u> – Continue working with Personnel, LACERS &amp; DWP to complete classification project; and 2) <u>Training</u> – Ensure all staff attend two training sessions of their choice, schedule one brown bag lunch and budget funding for FY 2016-17 Training Program.</p>
2015-16 RESOURCES	Funding totaling about \$18,000 will be required for Annual Training programs.



## Goal V – Enhance Communication Efforts & Outreach

### Project 11: Enhance Inter-Departmental Collaborations

Duration: 2015-16

Project Lead: Robyn Wilder, Chief Benefits Analyst, Pensions Division

Project Participants: Pensions Division Staff

Stakeholders: Board, LAFPP Staff, LAFPP Members, and the City

PROJECT OBJECTIVE	Enhance our communications to members, the City, and the public regarding our Plan; Strengthen relationships and enhance interactions with the Police, Fire and Harbor Departments, along with other City Departments, employee unions and retiree organizations.
PROJECT HISTORY	Members seek guidance from their respective employing Departments prior to retirement, resignation or discharge. The Police Department has staff dedicated to counseling sworn members, while other Departments do not have a formal process. We seek to ensure that members receive accurate and timely information, during all phases of their careers.
2015-16 DELIVERABLES	Establish regular ongoing communication with LAPD's Retirement Counselor's Office (RCO), Fire and Harbor Department's Personnel sections, labor organizations and other City Departments.
2015-16 MILESTONES	<p><u>BY SEPTEMBER 30, 2015:</u> Quarterly meetings (minimum) scheduled with LAPD's RCO to discuss issues pertaining to LAFPP members. Establish point of contact with Fire and Harbor Departments.</p> <p><u>BY DECEMBER 31, 2015:</u> Schedule quarterly meetings with LAFD and Harbor contacts to discuss issues pertaining to LAFPP members. Schedule quarterly meetings with employee unions and retired associations. Attend LAPPL Delegates meetings quarterly.</p> <p><u>BY MARCH 31, 2016:</u> Have an LAFPP representative attend all Los Angeles Retired Fire &amp; Police Association membership meetings.</p>
2015-16 RESOURCES	No additional resources required in FY 2015-16.



## GOAL V – Enhance Communication Efforts and Outreach

### Project 12: Enhance Emerging Manager Outreach

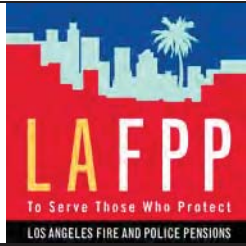
Duration: 2015-2016

Project Lead: Tom Lopez, Chief Investment Officer, Investments Division

Project Participants: Investments Division

Stakeholders: Board, Emerging Managers and the City

PROJECT OBJECTIVE	To increase outreach and participation with diversity organizations (NAA, NASP, AAAIM and NAIC) and enhance the presence of the Department within the minority and women-owned business community.
PROJECT HISTORY	This is a continuing project and in its third year. Staff has been attending four to seven emerging manager events a year now and has used a variety of outlets to publicize searches that the Board is undertaking for emerging managers.
2015-16 DELIVERABLES	<ol style="list-style-type: none"> <li>1) Attend one emerging manager event a quarter;</li> <li>2) Use a variety of media and organizations to notify emerging managers of potential investment opportunities; and</li> <li>3) Complete an annual Emerging Manager Report to the Board.</li> </ol>
2015-16 MILESTONES	<p><u>BY SEPTEMBER 30, 2015:</u></p> <ol style="list-style-type: none"> <li>1) Attend an emerging manager event; and</li> <li>2) Use media/organizations to notify emerging managers of investment opportunities.</li> </ol> <p><u>BY DECEMBER 31, 2015:</u></p> <ol style="list-style-type: none"> <li>1) Attend an emerging manager event; and</li> <li>2) Use media/organizations to notify emerging managers of investment opportunities.</li> </ol> <p><u>BY MARCH 31, 2016:</u></p> <ol style="list-style-type: none"> <li>1) Attend an emerging manager event; and</li> <li>2) Use media/organizations to notify emerging managers of investment opportunities.</li> </ol> <p><u>BY JUNE 30, 2016:</u></p> <ol style="list-style-type: none"> <li>1) Attend an emerging manager event;</li> <li>2) Use media/organizations to notify emerging managers of investment opportunities; and</li> <li>3) Complete annual Emerging Manager Report to the Board</li> </ol>
2015-16 RESOURCES	Additional travel expenses and staff time outside of the office will be required in FY 2015-16.



## ***DEPARTMENT OF FIRE AND POLICE PENSIONS***

360 East Second Street, Suite 400  
Los Angeles, CA 90012  
(213) 978-4545

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

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**DATE:** FEBRUARY 5, 2015 **ITEM:** B.4

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

**SUBJECT:** CONSIDERATION OF THE 2015-18 THREE YEAR STRATEGIC PLAN AND  
POSSIBLE BOARD ACTION

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#### **RECOMMENDATION**

That the Board:

1. Consider and approve the 2015-18 Three Year Strategic Plan, which includes the following elements: Vision, Mission, Values, Goals, Objectives and Strategic Initiatives (Attachment);
2. Direct Staff to return to the Board with a 2015-16 Business Plan on March 19, 2015 that includes Business Plan Projects that will help to achieve LAFPP Goals, Objectives and Strategic Initiatives.

#### **DISCUSSION**

On December 4, 2014, the Board and LAFPP managers engaged in a second strategic planning session facilitated by an outside consultant (Alta Mesa Group). This session provided an opportunity for the Board and managers to work together to review and revise our Mission Statement, Values, Goals, Objectives and Strategic Initiatives. At that meeting, staff were directed to return to the Board with a completed Strategic Plan for approval that would include all of these elements.

#### **Mission Statement**

During the session, the Board remarked that the current LAFPP Mission is very similar to the Los Angeles Police Department motto "*To Protect and to Serve*". Therefore, the Mission Statement language was revised to be more inclusive of our entire membership.

Current: *To advance the health and retirement security of those who dedicate their careers to serve and protect the people of Los Angeles.*

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

## Values

Values are defined as LAFPP guiding principles, beliefs and a Code of Behavior that form an important part of the foundation on which LAFPP staff and the Board operate. Staff had previously proposed six Values: *Accountability, Collaboration, Compassion, Dedication, Ethics and Transparency*. At the December 4<sup>th</sup> meeting, the Board and managers approved these Values in concept and asked that each of the Values be defined. The Board also asked that '*Efficiency*' be added as a Value to reflect our commitment to operational efficiencies.

Based on recent staff meetings to define these Values, staff now recommends adding '*Respect*' as a Value in-lieu of '*Compassion*' and '*Dedication*.' Staff believes '*Respect*' best encompasses how we treat each other, our members and stakeholders.

Current Values: *Not applicable; Values have not been codified previously.*

Proposed Values and Definitions:

- 1) *Accountability* – We recognize our responsibility to our members to deliver promised pension benefits. We ensure appropriate oversight to achieve excellence in service, operational and investment decision making.
- 2) *Collaboration* – We value teamwork to achieve success and encourage staff at all levels to share ideas and offer suggestions for improving operations. We are enriched by our engagement with the Board, our members and our stakeholders.
- 3) *Efficiency* – We continually search for ways to deliver quality services and reduce administrative expenses. We promote innovation throughout the organization and use performance measurement to drive decisions.
- 4) *Ethics* – We preserve the public trust by adhering to the ethical standards established by the State, the City, and our Board Policies.
- 5) *Respect* – We treat each other and our members with kindness and dignity. We promote a fair environment and support each other by sharing information and knowledge to ensure we deliver quality services.
- 6) *Transparency* – We strive to always provide clear, accurate and complete information and transact business decisions in an open manner so that our members, the City, and the public can trust that our decisions are fair, honest and ethical.

## Goals, Objectives and Strategic Initiatives

At the December 4<sup>th</sup> session, the General Manager proposed an expansion of the primary goals from three to five to more fully capture the breadth of the longer-term "theme" and objectives of the Board. The General Manager also presented Objectives and Strategic Initiatives designed to help LAFPP meet its Goals. During this session, the Board and managers broke into groups to discuss these Goals, Objectives and Strategic Initiatives in greater detail and the results were presented to the full group. Based on these discussions, the Board and managers agreed to the five goals listed below with some minimal language revisions.

**Current LAFPP Goals:**

- 1) *Customer Service*
- 2) *Risk Management*
- 3) *Communications and Stakeholder Relations*

**Proposed LAFPP Goals:**

- 1) *Ensure a financially sound retirement system*
- 2) *Manage risk throughout the organization*
- 3) *Enhance customer service to our members*
- 4) *Pursue operational efficiencies*
- 5) *Enhance communication efforts and outreach*

Subsequent to the December 4<sup>th</sup> session, Executive staff met over several days and revised the Goal Objectives and Strategic Initiatives to incorporate comments from the break-out sessions, and consolidate and refine the language.

Also, Executive staff determined that some of the items initially labeled as Strategic Initiatives should be removed from the Strategic Plan as they reflected specific projects that were better suited for future Business Plans. Strategic Initiatives generally reflect high-level, aspirational statements that will guide the organization over the next several years. Conversely, the annual Business Plans will include specific, measurable projects to help us achieve our Strategic Goals, Objectives and Initiatives (Attachment).

**BUDGET**

LAFPP has incurred \$10,500 to date utilizing the Alta Mesa Group, inclusive of travel expenses. Budgetary impact of the 2015-16 Business Plan will be included in 2015-16 Budget to be presented to the Board on March 19, 2015.

**POLICY**

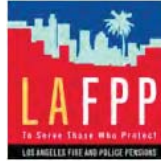
No policy changes are being recommended.

This report was prepared by:

Stephanie Clements, Chief Management Analyst  
Administrative Operations Division

RPC:WSR:SHC

Attachment



## **LOS ANGELES FIRE & POLICE PENSIONS 2015-18** **THREE-YEAR STRATEGIC PLAN**

### **Vision**

To be a leader and innovator in the public pension industry through an uncompromising dedication to excellence, customer service, transparency and education

### **Mission**

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

### **Goals**

1. Ensure a financially sound retirement system
2. Manage risk throughout the organization
3. Enhance customer service to our members
4. Pursue operational efficiencies
5. Enhance communication efforts and outreach



## Values

- I) **Accountability** – We recognize our responsibility to our members to deliver promised pension benefits. We ensure appropriate oversight to achieve excellence in service, operational and investment decision making.
- II) **Collaboration** – We value teamwork to achieve success and encourage staff at all levels to share ideas and offer suggestions for improving operations. We are enriched by our engagement with the Board, our members and our stakeholders.
- III) **Efficiency** - We continually search for ways to deliver quality services and reduce administrative expenses. We promote innovation throughout the organization and use performance measurement to drive decisions.
- IV) **Ethics** – We preserve the public trust by adhering to the ethical standards established by the State, the City, and our Board Policies.
- V) **Respect** - We treat each other and our members with kindness and dignity. We promote a fair environment and support each other by sharing information and knowledge to ensure we deliver quality services.
- VI) **Transparency** – We strive to always provide clear, accurate and complete information and transact business decisions in an open manner so that our members, the City, and the public can trust that our decisions are fair, honest and ethical.

## **Goals, Objectives and Strategic Initiatives**

### **Goal 1: Ensure a Financially Sound Retirement System**

#### Objective

- Achieve our long-term investment performance targets.

#### Strategic Initiatives

- a) Employ prudent risk-adjusted asset allocation strategies, measure portfolio performance against the appropriate benchmark(s) and take action when investment objectives are not met.
- 

#### Objective

- Pursue funding policies and strategies that fund our member benefits.

#### Strategic Initiatives

- a) Adopt sound actuarial policies and assumptions that balance the goals of: 1) keeping contributions relatively stable; 2) equitably allocating the cost of benefits over the member's period of actual service; and 3) achieving long-term full funding of the cost of benefits over time; and
  - b) Explore local and sustainable investment opportunities that complement our portfolio objectives and comply with our investment goals concerning risk, return and diversification.
- 

### **Goal 2: Manage Risk Throughout the Organization**

#### Objective

- Maintain & promote a culture of risk awareness with an enterprise-wide view.

#### Strategic Initiative

- a) Develop a top-down risk-intelligent culture that proactively identifies and acts to manage risk exposure, through enhanced governance, Board and staff training, and collaboration with stakeholders.
- 

#### Objective

- Actively monitor systems and processes to reduce or minimize risk.

#### Strategic Initiative

- a) Assess and test our systems and processes through periodic audits, risk assessments and technology to help mitigate and minimize risk in our organization.
-

### **Goal 3: Enhance Customer Service to our Members**

#### Objective

- Deliver superior customer service that is adaptive to our member needs.

#### Strategic Initiatives

- a) Research and implement technology solutions to upgrade our business processes to better serve our members;
  - b) Expand educational opportunities to our members regarding their benefits and our services so that they can make informed decisions about retirement security and health care; and
  - c) Enhance member access to information regarding the cost of health care options and alternative methods of service delivery.
- 

### **Goal 4: Pursue Operational Efficiencies**

#### Objective

- Implement industry best practices for continuous improvement.

#### Strategic Initiative

- a) Research, identify and pursue best practice opportunities throughout the organization.
- 

#### Objective

- Foster a “team approach” or culture of collaboration within and outside the Department to facilitate innovation.

#### Strategic Initiative

- a) Increase team engagement and encourage ideas and suggestions from the Board, employees and stakeholders to improve knowledge and communications.
- 

#### Objective

- Ensure staff is provided the necessary support and tools for success.

#### Strategic Initiative

- a) Develop and implement a comprehensive strategy that includes employee development, recruitment, retention, and succession planning.
-



## **Goal 5: Enhance Communication Efforts and Outreach**

### Objective

- Enhance our communication to members, the City, and the public regarding our Plan.

### Strategic Initiative

- a) Provide members, the City, and the public with thorough and timely information utilizing a range of communication methods to help promote our system and build good relations with our stakeholders; and
- b) Strengthen relationships and enhance interactions with the Police, Harbor and Fire Departments, along with other City agencies, employee unions and retiree associations.

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### Objective

- Promote LAFPP's Emerging Manager Program as a leader in the pension industry

### Strategic Initiatives

- a) Continue building and elevating the profile of our LAFPP Emerging Manager Program.
-