

ORDINANCE NO. 181893

An ordinance amending Section 4.1166 and adding new Section 4.1167 to Chapter 11.5 of Division 4 of the Los Angeles Administrative Code to provide for the vesting of retiree health benefit increases to members of the Fire and Police Pension Plan in exchange for the voluntary payment of additional contributions and to make other related technical changes.

**THE PEOPLE OF THE CITY OF LOS ANGELES
DO ORDAIN AS FOLLOWS:**

Section 1. Subsection (b) of Section 4.1166 of the Los Angeles Administrative Code is amended to: (i) delete the phrase "by paragraph (a) above" and insert the phrase "in Subsection (a) above" in its place; and (ii) delete the phrase "Memorandum of Understanding" and insert the phrase "written agreement between the City and the employee's union" in its place.

Sec. 2. Section 4.1166 of the Los Angeles Administrative Code is amended to add new Subsections (d) and (e) to read as follows:

(d) The freeze established in Subsection (a) above shall not apply to the following persons:

1. Employees who irrevocably opt to make voluntary Additional Contributions in exchange for vested rights to increases in subsidies or reimbursements for retiree health benefits as provided in Section 4.1167 of this Chapter.

2. Employees who retire on service connected disability pensions and their survivors who are eligible for health benefits.

3. Survivors receiving service-connected death benefits who are eligible for health benefits.

4. Members of Tier 3 and Tier 5 who separated from City service prior to July 15, 2011, and were eligible for a deferred retirement at the time of separation, based on years of service.

(e) The freeze established in Subsection (a) above shall not apply to any subsidy for reimbursement of Medicare Part B basic premium or any dental insurance premium subsidy.

Sec. 3. The Los Angeles Administrative Code is amended to add a new Section 4.1167 to read:

Sec. 4.1167. Election to Make Voluntary Additional Contributions In Exchange For Vested Rights To Increases in Subsidies or Reimbursements For Retiree Health Benefits.

A member who is not represented by an employee union, or who is represented by an employee union which has entered into a written agreement with the City to provide for the election specified herein, may irrevocably elect to make voluntary additional contributions (Additional Contributions) to his or her tier of the Fire and Police Pension Plan by salary deduction at the rate of 2% of his or her regular bi-weekly base salary (as distinguished from pay actually received) in order to support the City's ability to fund retiree health benefits. These Additional Contributions shall be deposited into each such member's individual contribution account and shall be treated for any and all purposes the same as the member's regular contributions to the Fire and Police Pension Plan. These Additional Contributions shall be paid by the member on a post-tax basis unless and until the Internal Revenue Service rules that such contributions may be tax-deferred through a reduction in wages pursuant to the provisions of Sections 4.1505 through 4.1509 of this Code.

Once a member irrevocably elects to make these Additional Contributions, he or she shall continue to make such Additional Contributions until he or she has done one of the following, whichever is earliest, at which time his or her obligation to make further Additional Contributions shall terminate: (i) made such Additional Contributions for 25 years, or (ii) retired under the provisions of Sections 1408, 1412(a), 1412(b), 1504, 1506(a), 1506(b), 1604, 1606(a), 1606(b), 1704, 1706(a), or 1706(b) of the Charter or Sections 4.2004, 4.2006(a), or 4.2006(b) of the Los Angeles Administrative Code, or (iii) terminated participation in the City's Deferred Retirement Option Plan (DROP) pursuant to Section 4.2105 of the Los Angeles Administrative Code. In consideration for such Additional Contributions being made for the period specified above, each such member and his or her survivors shall have a vested right to receive the retiree health benefits that were provided in this Chapter on July 1, 2011, and to receive the maximum amount of annual increases in subsidies or reimbursements for retiree health benefits in all subsequent years thereafter as authorized in this Chapter on June 30, 2011, provided that all conditions of eligibility prescribed in this Chapter are satisfied. The freeze established in Section 4.1166(a) of this Chapter shall not apply to these members and their survivors.

The right to make the irrevocable election provided in this Section 4.1167 shall be limited to a 45-day opt-in period, except as required by applicable law or as otherwise provided below. In order to make such irrevocable election, a member must file with the Department of Fire and Police Pensions (LAFPP) an election form prescribed by the LAFPP. Based upon input from the Office of the City Administrative Officer (CAO), the LAFPP shall establish the 45-day period during which members' election forms may be accepted. If a member does not file the election form within the

45-day period, the member is assumed to have irrevocably elected to not make the Additional Contributions and the freeze established in Section 4.1166 of this Chapter shall apply to the member and his or her survivors.

The CAO shall establish a Dispute Resolution Committee (DRC) to review member requests to make an election after the 45-day period. The LAFPP shall have no authority to decide whether or not to accept late election forms after the close of the 45-day period (a late election form) and shall refer members to the DRC for that purpose. The DRC may approve a member's request to irrevocably elect to make the Additional Contributions only if the DRC determines that the member did not timely elect to make the Additional Contributions due to a personal hardship that occurred outside of the opt-in period. The DRC's decision to approve or deny a member's request shall be final and conclusive. If the DRC approves the member's request, the CAO shall so advise the LAFPP in writing, whereupon the LAFPP shall accept the member's late election form. The Additional Contributions shall commence after the DRC's approval of the late election form, and the LAFPP shall be authorized to collect back contributions as determined by the DRC in its sole discretion and communicated in writing to the LAFPP by the CAO. The DRC is not authorized to allow a member to revoke the member's irrevocable election.

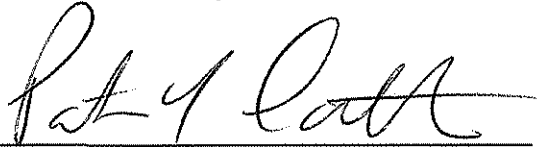
The City Council, on a Motion that is adopted by a two-thirds majority, may authorize the LAFPP to conduct additional opt-in periods during which members shall have the right to make the irrevocable election provided in this Section.

Sec. 4. Pursuant to Charter Section 252(i), this ordinance shall take effect upon publication.

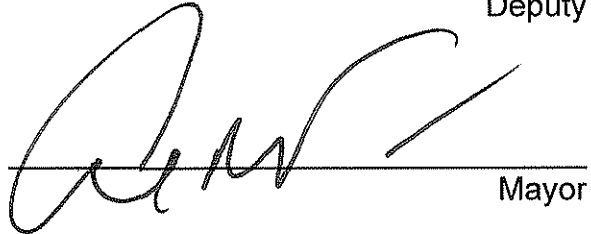
Sec. 5. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

I hereby certify that the foregoing ordinance was introduced at the meeting of the Council of the City of Los Angeles of **AUG 19 2011** and was passed by a vote of not less than two-thirds of all its members, at its meeting of **SEP 27 2011**

JUNE LAGMAY, City Clerk

By 
Deputy

Approved OCT 05 2011


Mayor

Approved as to Form and Legality

CARMEN A. TRUTANICH, City Attorney

By 
ALAN L. MANNING
Assistant City Attorney

Date Aug 18, 2011

File No. 10-1868-S1