



DEPARTMENT OF FIRE AND POLICE PENSIONS

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REPORT TO THE BOARD OF FIRE AND POLICE PENSION COMMISSIONERS

DATE: APRIL 20, 2017

ITEM: A.3

FROM: RAYMOND P. CIRANNA, GENERAL MANAGER

SUBJECT: THIRD QUARTER UPDATE FOR THE 2016-17 BUSINESS PLAN AND POSSIBLE BOARD ACTION

RECOMMENDATION

That the Board approve the amended 2016-17 Business Plan (Attachment II), which includes revisions to the June 30, 2017 Milestones for Project No. 7 - Pension and Retirement Information System (PARIS) Implementation Project and Project No. 12 – Expand Multimedia Efforts.

DISCUSSION

Staff is providing a third quarter update on the status and progress of the projects that were approved in the 2016-17 Business Plan.

The 2016-17 Business Plan was approved by the Board on June 16, 2016 and includes a total of 12 projects that fall within five 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 primary goals help keep the System resources focused on the most critical areas to ensure we successfully fulfill our Mission Statement:

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

The 2016-17 Business Plan third quarterly update is summarized in Attachment I. This Attachment reflects project information in a “Dashboard” format to concisely provide the Board with the status of each project. The Dashboard includes the project duration, the current status of meeting the 2016-17 milestones, the current status of meeting the overall project schedule, and the status of the project budget.

As presented in Attachment I, the table can be summarized as follows:

- Ten out of the twelve projects are on-schedule and on or under budget, while one of the projects has been completed. Two of the projects had been previously amended; and,
- Project No. 7 – PARIS (Pension and Retirement Information System) Implementation will not meet all the 2016-17 Milestones, and the overall project schedule has been pushed back. As discussed further below, this is primarily due to a needed change in the core application to correctly calculate leap year service credit and to allow more time for system testing.

The 2016-17 Amended Business Plan (Attachment II) includes all changes approved by the Board during the previous quarterly updates presented on October 20, 2016 and January 19, 2017. As part of this quarterly review, the following delineates changes relating to Project No. 7 – PARIS Implementation and Project No. 12 – Expand Multimedia Efforts.

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

Staff will not meet all the 2016-17 Milestones, and the Overall Project Schedule has been pushed back. As such, the 2016-17 Third Quarter Business Plan reflects these items as being Behind Schedule. The three main reasons for this are the following:

1. Leap Year Service Credit Calculation – An issue recently arose concerning the method of calculating member service credit in a leap year. A fix to the CPAS application is necessary for the system to properly calculate the partial year service calculation method prescribed by the City of Los Angeles Charter and Administration Code. This change affected regression testing of the previously delivered Core and Secondary Calculations, which impacted the project timeline. Unfortunately, the significance of LAFPP’s core calculation method was not understood by Xerox during the requirements and specifications compilation phase and was recently discovered. Additional programming is required by Xerox to the CPAS application to change the method of calculation, which will now push back the “go-live” date.
2. Additional Defect-Repair Build – The project team decided it was prudent to allow more time to address potential rework (or defects) found during testing. Therefore, an additional defect repair build was incorporated into the project schedule.
3. Extension of User-Acceptance Testing (UAT) Period – A decision was made by the project team to extend the UAT period by two weeks to provide additional testing time for LAFPP staff.

Due to the factors above, the June 30, 2017 Milestone for the PARIS Project (Attachment II, Page 15) needs to be revised and the overall Project Schedule has been delayed by approximately three to four months. We had expected to complete the entire project by June 30, 2018, however, the completion date has been pushed back to late 2018.

Project No. 12 – Expand Multimedia Efforts

As part of this project, Staff was required to research options to live stream or post recordings of Board meetings on the LAFPP website. Staff has completed their research and has decided to not proceed with a live stream or post recordings of the Board meetings to the LAFPP website at this time. This issue may be revisited at a later date if needed. However, live streaming is now currently available on the LAFPP Intranet as a resource for staff to monitor Board proceedings on key issues while continuing to work at their desks.

The proposed revision to the June 30, 2017 Milestone is included in the amended 2016-17 Business Plan (Attachment II, Page 20) for the Expand Multimedia Efforts project.

On July 6, 2017, Staff will present to the Board the final 2016-17 Business Plan Close-out Report which will provide a more detailed status of all projects listed in the Plan, pursuant to Governance Policy Section 12.10.

BUDGET

No additional funding is requested at this time.

POLICY

No policy change as recommended.

This report was prepared by:

Diana Pointer
Administrative Services Section

RPC:WSR:SHC:DP

Attachments: I – 2016-17 Business Plan Dashboard - Third Quarter Update
II – 2016-17 LAFPP Business Plan (Amended)

**DEPARTMENT OF FIRE AND POLICE PENSIONS
2016-17 BUSINESS PLAN
THIRD QUARTER UPDATE (AS OF MARCH 31, 2017)**

2016-17 BUSINESS PLAN DASHBOARD

PROJECT TITLE	Overall Project Duration	2016-17 Milestone Dates	Overall Project Schedule	2016-17 Project Budget
Goal I – Ensure a Financially Sound Retirement System				
1. Asset Allocation Plan Implementation	2016-17	●	●	●
2. Local and Sustainable Investment Reporting *	2016-17	✓	✓	●
3. <i>NEW</i> - Actuarial Trend Education	2016-17	●	●	●
Goal II – Manage Risk Throughout the Organization				
4. Continuity Planning/ Disaster Recovery Update and Testing	2016-17	●	●	●
5. <i>NEW</i> - ALGA Review – Three-year Audit Peer Review	2016-17	●	●	●
Goal III – Enhance Customer Service to our Members				
6. Health Care Education and Research/Implement Options for Members *	2016-17	●	●	●
7. PARIS (Pension and Retirement Information System) Implementation	2015-16 2016-17 2017-18 2018-19	▲	▲	●
8. <i>NEW</i> – Implementation Pilot Program for Financial Planning Counseling Services	2016-17	●	●	■
Goal IV – Pursue Operational Efficiencies				
9. Employee Development and Training	2015-16 2016-17	●	●	●
10. <i>NEW</i> - Administrative Manual Updates	2016-17 2017-18	●	●	●
Goal V – Enhance Communication Efforts and Outreach				
11. <i>NEW</i> - Increase the Number of Outreach Events and Seminars	2016-17	●	●	●
12. Expand Multimedia Efforts	2016-17	●	●	●

Legend:	▲	Behind Schedule or Over-Budget
	●	On-Schedule or On-Budget
	■	Ahead of Schedule or Under-Budget
	✓	Project Completed

* Denotes milestone date changes approved by the Board on January 19, 2017 and October 20, 2016, respectively.

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LOS ANGELES FIRE AND POLICE PENSIONS



2016-17 BUSINESS PLAN

AS ADOPTED BY THE BOARD:

JUNE 16, 2016

LAST AMENDED:

JANUARY 19, 2017



FISCAL YEAR 2016-17 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:

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 annual 2016-17 Business Plan. The 2016-17 Business Plan methodically allocates resources to the most critical areas of our operations in order to successfully accomplish our 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 five new projects and seven 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

One of the most significant multi-year projects ever undertaken by the Department is the Pension Administration System Replacement Project, otherwise known as PARIS (Pension and Retirement Information System). This project started last fiscal year and is expected to span several years and will require a considerable amount of resources by the Department. This project was listed as the New Pension Administration System (PAS) Project in 2015-16. The PARIS Implementation project (No. 7) 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.

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.

Sincerely,

Raymond P. Ciranna, General Manager

2016-17 BUSINESS PLAN PROJECT MATRIX SUMMARY

GOAL I – Ensure a Financially Sound Retirement System			
Project Title	Workload Level	Duration	Project Objective
(1) Asset Allocation Plan Implementation	Lead: High Participants: High	2016-17	To develop and implement a new asset allocation to optimize the Fund’s rate of return, commensurate with acceptable levels of risk and volatility.
(2) Local and Sustainable Investment Reporting	Lead: Moderate Participants: Moderate	2016-17	To provide the Board and staff with regular information regarding LAFPP’s Local and Sustainable Investments.
(3) (NEW) Actuarial Trend Education	Lead: Moderate Participants: Low	2016-17	To provide the Board and staff with information on current industry practices and trends concerning actuarial assumptions and funding policies.
GOAL II – Manage Risk throughout the Organization			
Project Title	Workload Level	Duration	Project Objective
(4) Continuity Planning/ Disaster Recovery Update and Testing	Lead: Very High Participants: Moderate	2016-17	To preserve member services and meet operational needs during uncontrolled events that disrupt business processes.
(5) (NEW) ALGA Review – Three- year Audit Peer Review	Lead: High Participants: Moderate	2016-17	To determine whether Internal Audit Section’s quality control system is suitably designed, operates effectively, and produces quality work under both international internal auditing and government auditing standards.

2016-17 PROJECT SUMMARY MATRIX

GOAL III – Enhance Customer Service to our Members			
Project Title	Workload Level	Duration	Project Objective
(6) Health Care Education and Research/Implement Options for Members	Lead: High Participants: High	2016-17	To research 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.
(7) PARIS (Pension and Retirement Information System) Implementation	Lead: High Participants: High	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.
(8) (NEW) Implementation Pilot Program for Financial Planning Counseling Services	Lead: High Participants: Moderate	2016-17	To determine the scope and feasibility of offering individual financial planning counseling services.
Goal IV – Pursue Operational Efficiencies			
Project Title	Workload Level	Duration	Project Objective
(9) Employee Development and Training	Lead: Moderate Participants: Moderate	2016-17	To enhance employee development, recruitment and training to help retain and further develop our talented LAFPP workforce.
(10) (NEW) Administrative Manual Updates	Lead: Medium Participants: Moderate	2016-17 2017-18	To update Department-wide procedures, including those that affect operations in the new headquarters building.
Goal V – Enhance Communication Efforts and Outreach			
Project Title	Workload Level	Duration	Project Objective
(11) (NEW) Increase the Number of Outreach Events and Seminars	Lead: High Participants: High	2016-17	To provide members with thorough and timely information regarding our Plan, utilizing a range of communication methods.
(12) Expand Multimedia Efforts	Lead: High Participants: Moderate	2016-17	To expand the range of communications methods used to reach members and other stakeholders.

GOAL I – Ensure a Financially Sound Retirement System

Project 1: Asset Allocation Plan Implementation (*formerly Asset Liability Study & Recommendations*)

Duration: 2016-17

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

Project Participants: Staff, Consultants, and the Board

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

PROJECT OBJECTIVE	Develop and implement a new Asset Allocation Plan.
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 evaluates probably growth and structure of System liabilities to help develop practical asset allocation recommendations that best meet liabilities over time. LAFPP had not performed a combined asset allocation and AL Study for many years, as noted in the 2012 Five-Year Management Audit. However, as part of the 2015-16 Business Plan, the AL Study has now been completed and presented to the Board. At our Board offsite meeting on March 3, 2016, Asset Allocation Plan education and training was provided to the Board in preparation of the development of an Asset Allocation Plan. Since then, the Board has discussed the asset allocation at the meetings on May 5 and May 19, 2016.
2016-17 DELIVERABLES	Complete the Asset Allocation review and if needed, implement a new Asset Allocation Plan by the end of June 2017.
2016-17 MILESTONES	<p><u>BY SEPTEMBER 30, 2016:</u> Board to complete an asset allocation review.</p> <p><u>BY DECEMBER 31, 2016:</u> If needed, Board to approve a revised Asset Allocation Plan and timeline for the implementation of a new asset allocation.</p> <p><u>BY JUNE 30, 2017:</u> If needed, complete the implementation of a new Asset Allocation Plan.</p>
2016-17 RESOURCES	Existing staff resources, consultant resources and Board time will be necessary to complete the new Asset Allocation Plan. No additional resources will be required in 2016-17.

GOAL I – Ensure a Financially Sound Retirement System

Project 2: Local and Sustainable Investment Reporting

Duration: 2016-17

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

Project Participants: Investments Division Staff

Stakeholders: Board Members, LAFPP Management, and the City

PROJECT OBJECTIVE	To regularly provide the Board and staff with 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 for the Board on a regular basis.
2016-17 DELIVERABLES	An annual Local and Sustainable Investment Report will be presented to the Board each calendar year.
2016-17 MILESTONES	BY DECEMBER 31, 2016 MARCH 31, 2017 (AMENDED 01/19/17): The 2016 Local and Sustainable Investment Report will be presented to the Board.
2016-17 RESOURCES	Reports will be prepared utilizing existing staff and consultants. No additional resources will be required in 2016-17.

GOAL I – Ensure a Financially Sound Retirement System

Project 3: *NEW* – Actuarial Trend Education

Duration: 2016-17

Project Lead: Greg Mack, Chief Benefits Analyst, Pensions Division

Project Participants: Actuary, Staff, and the Board

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

PROJECT OBJECTIVE	To provide the Board and staff with information on current industry practices and trends concerning actuarial assumptions and/or funding policies.
PROJECT HISTORY	<p>In accordance with Charter and Administrative Code provisions, every three years the Plan actuary conducts a study to review the actuarial assumptions adopted by the Board (Experience Study). The purpose of the Study is to compare the plan's actual experience against the economic and non-economic actuarial assumptions established as a result of the last Experience Study and used by the actuary for subsequent annual valuations. Any changes recommended by the actuary are intended to bring the plan's assumptions more in line with future expectations. The last actuarial Experience Study was completed by the actuary in July 2014 (for three-year period from July 1, 2010 – June 30, 2013). The next actuarial Experience Study will be conducted after the completion of the June 30, 2016 valuation.</p> <p>A pension plan funding policy is designed to determine how much should be contributed each year in total by the employer and the active members to provide for the secure funding of benefits in a systematic fashion. It is made up of three components: actuarial cost method, asset smoothing method, and amortization policy. The Board adopted a comprehensive Actuarial Funding Policy in September 2012. The Board's funding policy had one minor amendment in October 2014 but has not undergone a complete review since it was adopted in 2012.</p>
2016-17 DELIVERABLES	<p>Complete the next three-year Actuarial Experience Study and the review of Economic Actuarial Assumptions to be used for the June 30, 2017 actuarial valuation.</p> <p>Review the current Actuarial Funding Policy and recommend changes if appropriate.</p>

Project 3: *NEW* – Actuarial Trend Education (Continued)

<p>2016-17 MILESTONES</p>	<p><u>BY DECEMBER 31, 2016:</u> Plan actuary to provide education and information to the Board and staff regarding industry practices and trends concerning actuarial assumptions.</p> <p><u>BY MARCH 31, 2017:</u> Review the Board’s Actuarial Funding Policy and recommend any changes.</p> <p><u>BY JUNE 30, 2017:</u> Plan actuary to complete the next three-year Actuarial Experience Study and the review of Economic Actuarial Assumptions to be used for the June 30, 2017 actuarial valuation.</p>
<p>2016-17 RESOURCES</p>	<p>The Experience Study and the Actuarial Funding Policy review will require a substantial amount of Staff, Actuary, and Board time. Costs associated with the Actuarial Experience Study and related actuarial contractual services have been included in the 2016-17 Budget. No additional resources will be required in 2016-17.</p>

GOAL II – Manage Risk Throughout the Organization

Project 4: Business Continuity Planning/Disaster Recovery Update and Testing

Duration: 2016-17

Project Lead: Bob Yan, Director of Systems, Systems Section

Project Participants: All Department Staff

Stakeholders: Board Members, 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 risks and continue to provide services to our members during business disruptions.</p> <p>In September 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 members. With the BCP completion in June 2012, 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 to provide off-site disaster recovery (DR) services. Some of the Department network infrastructure upgrades required for the DR solutions were also completed in August 2014, with the remaining upgrades scheduled for completion as part of the new headquarters build out in 2015-16.</p> <p>In October 2015, the vendor completed implementation of the off-site DR services. Due to the delay in the new headquarters build out and the reallocation of staffing resources to the new headquarters IT upgrades, the reconfiguration of the DR solution based on the new production network and the DR system validation testing was rescheduled for 2016-17 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 4: Business Continuity Planning/Disaster Recovery Update and Testing (Continued)

2016-17 DELIVERABLES	<p>a) Reconfigure the DR system based on the new production network at the new headquarters and perform DR system validation testing;</p> <p>b) Update the Business Continuity Plan with all new components of the LAFPP's off-site disaster recovery system; and</p> <p>c) Perform a real-time activation of the Business Continuity Plan to validate the accuracy of the plan and the disaster recovery system.</p>
2016-17 MILESTONES	<p><u>BY SEPTEMBER 30, 2016:</u></p> <ol style="list-style-type: none"> 1) Reconfigure the DR system based on the new production network at the new headquarters. 2) Perform DR system validation testing including the new voice communication system (VoIP). <p><u>BY DECEMBER 31, 2016:</u></p> <p>Review and update the BCP to ensure that all components of the LAFPP's offsite disaster recovery system and critical business processes are incorporated into the BCP.</p> <p><u>BY MARCH 31, 2017:</u></p> <p>Review, select, and plan one critical business function to perform a real-time business continuity/disaster recovery activation exercise.</p> <p><u>BY JUNE 30, 2017:</u></p> <ol style="list-style-type: none"> 1) Review, plan, and perform a large-scale real-time business continuity/disaster recovery activation exercise involving Emergency Executive Team (EET) and multiple critical business functions. 2) Validate and report on the results from the exercise.
2016-17 RESOURCES	<p>Existing staff will be utilized to update the BCP. Funding for the DR system is included in the 2016-17 Budget.</p>

GOAL II – Manage Risk Throughout the Organization

Project 5: *NEW* - ALGA Review – Three-year Audit Peer Review

Duration: 2016-17

Project Lead: Erin Kenney, Departmental Audit Manager

Project Participants: Internal Audit Section

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

PROJECT OBJECTIVE	To determine whether Internal Audit Section’s quality control system is suitably designed, operates effectively, and produces quality work under both international internal auditing and government auditing standards.
PROJECT HISTORY	<p>Internal Audit Section (IAS) conducts its work pursuant to both International Standards for the Professional Practice of Internal Auditing (ISPPPIA) and Government Auditing Standards (GAS). These standards require periodic external quality control assessments, also referred to as “peer reviews.”</p> <p>LAFPP is a member in good standing of the Association of Local Government Auditors (ALGA), the premiere professional audit association specific to local government auditing. A benefit of ALGA membership is access to its Peer Review Program.</p> <p>IAS successfully passed its first ALGA Peer Review under both ISPPPIA and GAS in April 2014. Under GAS, external peer reviews are required at least once every three years, with the next peer review due in April 2017.</p>
2016-17 DELIVERABLES	Undergo and successfully pass an ALGA Peer Review for ISPPPIA and GAS and report ALGA Peer Review results to the Board.
2016-17 MILESTONES	<p><u>BY DECEMBER 31, 2016</u>: Contact ALGA to request a peer review for April 2017 (October 2016)</p> <p><u>BY MARCH 31, 2017</u>: Provide required documentation to ALGA Peer Review Team for peer review preparation.</p> <p><u>BY JUNE 30, 2017</u>: Undergo and successfully pass an ALGA Peer Review for ISPPPIA and GAS (April 2017) and report ALGA Peer Review results to the Board (May 2017).</p>
2016-17 RESOURCES	Review will be initiated by existing IAS Staff. Estimated costs of \$8,950 to reimburse three ALGA volunteer peer reviewers for out-of-pocket expenses are included in the 2016-17 Budget.

GOAL III – Enhance Customer Service to our Members

Project 6: Health Care Education and Research/Implement Options for Members

Duration: 2016-17

Project Lead: Kyle Susswain, Manager, Medical & Dental Benefits

Project Participants: Medical & Dental Benefits Section Staff, LACERS, LAFPP Health Consultant, and the City Attorney's Office

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

<p>PROJECT OBJECTIVE</p>	<p>Research 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 LAFPP Health Insurance Premium Reimbursement Program (HIPR).</p>
<p>PROJECT HISTORY</p>	<p>A small group of LAFPP pensioners has received medical/dental insurance 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 Port Police and police officers 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 that it may lack the formal authority to administer health plans for sworn retirees, as well as 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> <p>At the November 19, 2015 Board meeting, LAFPP's health consultant, Keenan & Associates, presented various health care plan options for pensioners enrolled in the LACERS plans and HIPR. The Board directed staff to continue to research options for these retired members.</p>

Project 6: Health Care Education and Research/Implement Options for Members (Continued)

<p>2016-17 DELIVERABLES</p>	<p>a) Explore possible changes to the HIPR program (i.e., provide dependent subsidy for Medicare members, vision coverage) and implement changes as approved by the Board.</p> <p>b) Consult with the City Attorney in regards to possible Administrative Code revisions necessary to implement Medicare Exchanges and Health Reimbursement Accounts (HRA).</p> <p>c) Work with LAFPP's health consultant to prepare and issue Requests for Proposals (RFP) for: 1) group dental and/or vision plans, and 2) a private Medicare Exchange.</p>
<p>2016-17 MILESTONES</p>	<p>BY SEPTEMBER 30, 2016 MARCH 31, 2017 (AMENDED 10/20/16):</p> <p>1) Complete research of HIPR program amendments and recommend any necessary revisions to Board Rules.</p> <p>BY DECEMBER 31, 2016 MARCH 31, 2017 (AMENDED 10/20/16):</p> <p>2) Complete research of Medicare Exchanges and HRA implementation, as well as related Administrative Code changes.</p> <p><u>BY JUNE 30, 2017:</u> Issue RFPs for group dental and/or vision plans, and for a Medicare Exchange.</p>
<p>2016-17 RESOURCES</p>	<p>The 2016-17 Budget now includes a total of \$90,000 for health consulting services (revised from \$30,000), to account for the estimated costs for issuing/reviewing the RFP's, the expanded scope of work, and any subsequent negotiations with insurers. As the contract with LAFPP's current health consultant expires on February 28, 2017, it may be necessary to request additional funds once the Board selects a new consultant and the project scope and consulting fees have been established.</p>

GOAL III – Enhance Customer Service to our Members

Project 7: PARIS (Pension and Retirement Information System) Implementation (formerly Pension Administration System Replacement)

Duration: 2016-17, 2017-18, and 2018-19

Project Lead: Alfred 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	<p>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 (PAS). Based on these requirements, a Request for Proposal (RFP) was issued in July 2014 and bids were received in October 2014. An Evaluation Team comprised of several LAFPP staff evaluated the bids and the functionality of each proposed PAS system. After a comprehensive evaluation process, Xerox State and Local Systems, Inc. (Xerox) was identified as the top ranking vendor for the lowest cost. The Board awarded the contract to Xerox on May 21, 2015. The project to implement Xerox's proprietary CPAS system kicked off in July 2015. The new system that is being developed was later named PARIS (<u>P</u>ension <u>A</u>nd <u>R</u>etirement <u>I</u>nformation <u>S</u>ystem).</p> <p>During 2015-16, Staff completed the master work plan and established control standards to track and manage the project. The system hardware and software was also installed at the hosted site. Lastly, Staff has been reviewing the detailed system requirements in order for CPAS to begin programming of the new system.</p>
2016-17 DELIVERABLES	<ol style="list-style-type: none"> 1) Configure and deliver for testing the initial system functionality which includes Global Rules, Core and Secondary Calculations, and Active Payroll. 2) Configure and deliver for testing additional system functionality for Batches processing, Disbursements processing, and Manage Data/Payees. 3) Ongoing data cleansing and data conversion.

Project 7: PARIS (Pension and Retirement Information System) Implementation (Continued)

<p>2016-17 MILESTONES</p>	<p><u>BY DECEMBER 31, 2016:</u> Delivery and testing of initial system functionality which includes Global Rules, Core and Secondary Calculations, and Active Payroll.</p> <p><u>BY JUNE 30, 2017:</u> (PROPOSED AMENDMENT TO BOARD ON APRIL 20, 2017) Delivery and testing of system functionality for Batches processing, Disbursements processing, Manage Data/Payees, <u>and Group Benefits.</u></p>
<p>2016-17 RESOURCES</p>	<p>On May 21, 2015, the Board approved an amount not to exceed \$9.02 million to implement a new Pension Administration System (PAS) (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 \$1.16 million.</p> <p>Approximately \$1.7 million for the PARIS Project is included in the 2016-17 Budget, consisting of \$1,356,000 for Xerox State and Local Systems, Inc. and \$390,000 for LRWL, Inc.</p>

GOAL III – Enhance Customer Service to our Members

Project 8: *NEW* – Pilot Program for Financial Planning Counseling Services

Duration: 2016-17

Project Lead: Carol Tavares, Manager, Communications & Education

Project Participants: Pensions Division Staff, City Attorney, financial planning consultant, and active LAFPP members

Stakeholders: LAFPP Members

PROJECT OBJECTIVE	To determine the scope and feasibility of offering individual financial planning counseling services.
PROJECT HISTORY	<p>LAFPP has provided financial planning education utilizing both staff and a consultant since 1989. The most recent financial planning Request for Proposal (RFP) released in July 2015, requested individual counseling services, in addition to the existing group education services. Based on the RFP responses, a new contract was executed for group financial planning education services, while staff continued to consider the scope and mechanics of offering individual financial planning counseling to members. It is expected that a member must first attend a financial planning education seminar and will then be offered a follow-up session with a financial planning counselor for a personalized review of their financial situation. This approach will allow members to build upon the education provided in the seminar to take the next step and develop a comprehensive financial plan.</p> <p>The financial planning counselor will be prohibited from providing, selling, or deriving any income from the sale of any investment products to members.</p>
2016-17 DELIVERABLES	To research the level of interest in financial counseling services, report those findings to the Board and develop a pilot program as approved.
2016-17 MILESTONES	<p><u>BY SEPTEMBER 30, 2016:</u> Poll members on the level of counseling services they are interested in and the fees they are willing to pay (through surveys, focus groups, etc.).</p> <p><u>BY DECEMBER 31, 2016:</u> Report findings to the Board and request to award a contract.</p> <p><u>BY JUNE 30, 2017:</u> Develop a pilot Financial Planning Counseling Program as approved.</p>
2016-17 RESOURCES	The 2016-17 Budget includes \$123,000 in the Unappropriated Balance for the Financial Planning Counseling Program.

Goal IV – Pursue Operational Efficiencies

Project 9: Employee Development and Training

Duration: 2016-17

Project Lead: Lindi Willhite, Sr. Personnel Analyst I, Human Resources

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>With approximately 40% of the current LAFPP workforce eligible to retire in the next few years, it is vital that LAFPP continue to support efforts to train, develop and recruit staff. LAFPP’s training program is supported strongly by Executive Management and the Department has significantly increased the amount of training completed by staff. In 2012, a new LAFPP Employee Training Program matrix was developed to include in-house and external training resources for all LAFPP classifications. In 2014, LAFPP procured an annual training pass for staff to attend unlimited professional seminars to hone skills and assist with promotions. As part of the 2015-16 Business Plan <i>Employee Development and Training Project</i>, the training matrix was reviewed, updated and redistributed to provide staff in 2015-16 to assist staff with training options.</p> <p>In 2015-16, LAFPP continued with the annual Fred Pryor training passes and also promoted to staff Lynda.com, a free online program with a more technological focus. The City’s online training portal also offers many relevant topics and has been recently updated and expanded. One often under looked training resource is our own experienced and knowledgeable staff (both LAFPP and City-wide), but staff may have less opportunity to share that knowledge with others. In 2016-17, staff would 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>
2016-17 DELIVERABLES	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 2016-17.
2016-17 MILESTONES	<u>BY JUNE 30, 2017:</u> Ensure all staff attend two training sessions of their choice and schedule two (2) Brown Bag Lunch sessions.
2016-17 RESOURCES	Funding totaling \$16,000 is estimated for Annual Training programs and this amount is included in the 2016-17 Budget. There is also additional training, travel, and tuition reimbursement funding for professional development opportunities.

Goal IV – Pursue Operational Efficiencies

Project 10: *NEW* – Administrative Manual Updates

Duration: 2016-17, 2017-18

Project Lead: Diana Pointer, Sr. Management Analyst II, Administrative Services

Project Participants: Administrative Services

Stakeholders: LAFPP Staff and Management

PROJECT OBJECTIVE	To provide the Board and staff with LAFPP’s manual updates on Department-wide procedures reflecting administrative operations and policies.
PROJECT HISTORY	Administrative Operations manuals are designed for standard tasks that encompass document imaging, style guides, contract administration, safety, emergency planning, building management, budget programs, and related projects. LAFPP Administrative Manuals exist but many need to be reviewed and updated. The manuals will also include new operations procedures as a result of our move into the new headquarters building.
2016-17 DELIVERABLES	Complete Department-wide operations manuals as related to the new headquarters building. Ensure timely completion and distribution to LAFPP through the DocuShare system as manuals are completed. Priorities will be placed on the new headquarters-related manuals, and then procedures/guidelines for DocuShare, Board elections processes, contract administration, and the various policies included in the LAFPP Administrative Manual.
2016-17 MILESTONES	<u>BY MARCH 31, 2017:</u> Complete new headquarters-related procedures and manuals. <u>BY JUNE 30, 2017:</u> Complete general operations-related manuals (DocuShare, Board Elections, Contracts Manual, etc.) given existing resources.
2016-17 RESOURCES	Existing staff will initiate new manuals and updates. No additional staff expenses will be required in 2016-17.

Goal V – Enhance Communication Efforts & Outreach

Project 11: *NEW* - Increase the Number of Outreach Events and Seminars

Duration: 2016-17

Project Lead: Carol Tavares, Manager, Communications & Education

Project Participants: Pensions Division Staff

Stakeholders: LAFPP Members

PROJECT OBJECTIVE	To provide members with thorough and timely information regarding our Plan, utilizing a range of communication methods.
PROJECT HISTORY	<p>In the last year, member interest in attending a Financial Planning Education (FPE) seminar has increased. To accommodate the growing interest, staff has worked diligently to increase the number of seminars from 2014-15 to 2015-16 by a total of 5 additional seminars (increase of 45%).</p> <p>A new contract with our financial planning education consultant was awarded in 2015 and includes a new mid-career format and retiree workshops, in addition to the already established early-career, late-career, and DROP Exit formats. These new formats must be developed and incorporated into the FPE Program. Various alternate locations throughout the City will be considered as venues for the education seminars to reach more members. Additional in-house training sessions will be considered with the use of the new Boardroom in our new office location.</p>
2016-17 DELIVERABLES	Develop the new formats for the mid-career financial planning education seminar and a retiree workshop. Increase the total number of yearly seminars by 10% over the 2015-16 target goal.
2016-17 MILESTONES	<p><u>BY SEPTEMBER 30, 2016:</u></p> <ul style="list-style-type: none"> a) Develop a mid-career seminar format for active members b) Research various locations throughout the City to host seminars <p><u>BY JUNE 30, 2017:</u></p> <ul style="list-style-type: none"> a) Add the mid-career seminar format to the roster b) Include new locations to host seminars c) Develop a workshop for retirees
2016-17 RESOURCES	Funding for a new LAFPP position and member education seminars is included in the 2016-17 Budget. No additional funds are anticipated at this time.

GOAL V – Enhance Communication Efforts and Outreach

Project 12: Expand Multimedia Efforts

Duration: 2016-17

Project Lead: Carol Tavares, Manager, Communications & Education

Project Participants: Pensions Division Staff

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

PROJECT OBJECTIVE	To expand the range of communications methods used to reach members and other stakeholders.
PROJECT HISTORY	This project is an expansion from the previous Business Plan project where staff focused on researching and employing technology enhancements to quickly route information and to educate members and other stakeholders. The website was reorganized for easy access to pertinent information and a library of informational videos is being created to post on the website. With the new Boardroom facility in place, research is necessary to consider posting or live streaming of Board meetings. Additional website enhancements may be required to house all new media.
2016-17 DELIVERABLES	Research new multimedia communication tools and the creation of a Multimedia section for the LAFPP website.
2016-17 MILESTONES	<p><u>BY SEPTEMBER 30, 2016:</u></p> <ul style="list-style-type: none"> a) Develop a multimedia section for the website to include videos, audio recordings, whiteboard videos, etc. b) Research options to live stream or post recordings of Board meetings on the website. <p><u>BY MARCH 31, 2017:</u></p> <ul style="list-style-type: none"> a) Establish a multimedia section of the website and communicate new multimedia tools to members and other stakeholders b) Develop plan to post Board meetings on the website <p><u>BY JUNE 30, 2017:</u> (PROPOSED AMENDMENT TO BOARD ON APRIL 20, 2017)</p> <p>Post approved Board meeting format in the multimedia section.</p>
2016-17 RESOURCES	Funding is included in the 2016-17 Budget. No additional funds are anticipated at this time.