



DEPARTMENT OF FIRE AND POLICE PENSIONS

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REPORT TO THE BOARD OF FIRE AND POLICE PENSION COMMISSIONERS

DATE: APRIL 16, 2020

ITEM: A.2

FROM: RAYMOND P. CIRANNA, GENERAL MANAGER

SUBJECT: THIRD QUARTER UPDATE OF THE 2019-20 BUSINESS PLAN AND POSSIBLE BOARD ACTION

RECOMMENDATION

That the Board authorize a revision to the Business Plan for Project No. 7 – PARIS (Pension and Retirement Information System) Implementation, to extend a portion of this project to next fiscal year and instruct staff to continue this Project in the 2020-21 Final Business Plan.

DISCUSSION

Staff is providing the third quarter update on the status and progress of the 2019-20 Business Plan projects (Attachments I and II).

The 2019-20 Business Plan was approved by the Board on June 20, 2019 and includes a total of 12 projects that fall within the department's five Strategic Goals:

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

These primary goals help keep 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 2019-20 Business Plan third quarter update is summarized in Attachment I. This attachment provides a brief overview of the projects, including the overall project duration, the progress towards meeting the 2019-20 Milestones, the overall project status and whether the project is currently over/under budget.

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

- Two out of the 12 projects are complete;
- Nine out of the 12 projects are on schedule and within budget; and,

- A portion of the project schedule for Project No. 7 – PARIS Implementation has been changed due to the reasons discussed later in this report.

COMPLETED PROJECT

On January 9, 2020, staff reported to the Board that Project No. 4 – Contractor Disclosure Review Process Enhancements, had been completed. The second completed project is summarized below.

Project No. 1 – Emerging Manager Program and Policy Review

The Emerging Manager Program and Policy Review project has been completed on time. RVK presented a comprehensive program review at the April 4, 2019 Board meeting. This review included detailed information about each manager previously hired under the Board's Emerging Manager Program. On June 6, 2019, as a follow-up to RVK's Emerging Manager Program Review, staff and RVK made a series of Emerging Manager Program recommendations. On July 18, 2019, the Board rescinded its previous action and directed staff and RVK to conduct both small cap and fixed income emerging manager searches. On February 20, 2020, the small cap emerging manager search concluded with the selection of three firms: Denali Advisors, LLC; Eastern Shore Capital Management; and Lisanti Capital Growth, LLC. The fixed income emerging manager search has been deferred pending further review by staff and the Board.

PROJECT CONTINUATION IN FY 2020-21 BUSINESS PLAN

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

As discussed in the March 19, 2020 Board Monthly Report, the amount of work involved with finalizing the 1099-Rs for members was much more significant than originally anticipated. In the end, over 15,600 1099-R forms were mailed to members by the January 31, 2020 deadline, and 340 forms were held for staff to confirm the data accuracy. Staff subsequently learned that 3,967 of the issued 1099-R forms needed to be corrected since certain boxes (both Box 2a and Box 4) were left blank rather than printing "\$0.00." The corrections were made and a total of 4,664 corrected 1099-R forms were mailed to members, along with four 1042 forms mailed to certain members living internationally.

After completing the work pertaining to the 1099-R forms for the members, the Project Team was very busy creating and testing the 1099-R files to transmit the member tax information to both the Internal Revenue Service and the California Franchise Tax Board to meet the March 31st due date. In spite of all the challenges, both files were submitted on time and staff has received confirmation that the files were accepted by both agencies.

As a result, the overwhelming work related to 1099-R processing has impacted the Project's schedule. Specifically, our vendor (Avenu Insights & Analytics) has not been able to focus on addressing our top priority outstanding functionality while our staff has not been able to focus on the work related to Workflow integration. Therefore, with the amount of work remaining, the Project Team has reassessed the project schedule and determined that the current Milestone of implementing additional functionality for DocuShare and Workflow integration will only be partially completed by the June 30, 2020 milestone date.

While the DocuShare integration portion is expected to be fully completed by the milestone date, only three of the ten planned workflows may be completed by June 30, 2020. The remaining

workflows will be pushed back no later than December 31, 2020 thus extending the project over to the next fiscal year. As such, the PARIS project will be included in the 2020-21 Business Plan.

It should be noted that staff believe that delaying the implementation of most of the workflows will have ancillary benefits. This is based on their experience working with the PARIS system and having a better understanding of what types of processes should be implemented as workflows. As such, this delay will allow staff to reassess the ten workflows that were identified over two years ago, and to implement only those that will result in process efficiencies for staff.

Staff is working with our vendor to ensure resource availability as we finalize the work associated with the final phase of the Project, Phase 4B, and will continue to update the Board on the Project status in the Monthly Reports and the final quarterly update to be provided in the 2019-20 Business Plan Close-Out Report.

BUDGET

No additional funding is requested at this time.

POLICY

No policy changes recommended.

This report was prepared by:

Elijah Hernandez, Management Assistant
Administrative Services Section

RPC:WSR:MTS:DP:EC:EH

Attachments: I. 2019-20 Business Plan Dashboard - Third Quarter Update
 II. 2019-20 Revised LAFPP Business Plan

**DEPARTMENT OF FIRE AND POLICE PENSIONS
2019-20 BUSINESS PLAN DASHBOARD
THIRD QUARTER UPDATE (AS OF MARCH 31, 2020)**

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

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

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

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

³ On October 17, 2019, project extended through 2020-21, due to modified scope of work for 2019-20.

LAFPP

LOS ANGELES FIRE AND POLICE PENSIONS



2019-20 BUSINESS PLAN

AS ADOPTED BY THE BOARD:
JUNE 20, 2019

REVISED: OCTOBER 17, 2019
APRIL 16, 2020



2019-20 FINAL BUSINESS PLAN INTRODUCTION

The 2019-21 Strategic Plan serves as a blueprint to guide LAFPP in the development of the annual 2019-20 Business Plan and includes the Vision, Mission, Values and Strategic Goals for LAFPP. The Strategic Plan was approved by the Board on February 1, 2018, reaffirming its commitment to the 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 2019-20 Final Business Plan methodically allocates resources to the most critical areas of our operations 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 ten new projects; one multi-year project and one deferred project 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 Care and Stakeholder Relations
- 4) Pursue Operational Efficiencies
- 5) Build and Support a Talented Workforce

In Fiscal Year 2018-19, the Department implemented the new Pension Administration System Project, which has been named "PARIS" (Pensions and Retirement Information System). This marked the culmination of a multi-year effort to transition all member data and payment processing to a new system and required significant resources. While the core system has been implemented, work continues on the last phase of the project, which should be completed by ~~June 30~~December 31, 2020¹.

The Department will now shift resources to other areas throughout the organization, as discussed in the following Project details. We believe these Projects will enable the Department to meet our Mission and Strategic Goals as envisioned during the development of the 2019-21 Strategic Plan.

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

Sincerely,

Raymond Ciranna, General Manager

¹ Original completion date December 31, 2019 was extended to June 30, 2020 (revised per 1st Quarter Update). Completion date further extended to December 31, 2020 (revised per 3rd Quarter Update).

2019-20 FINAL BUSINESS PLAN PROJECT MATRIX SUMMARY

GOAL 1 – Ensure a Financially Sound Retirement System			
Project Title	Workload Level	Duration	Project Objective
(1) (NEW) Emerging Manager Program and Policy Review	Lead: Moderate Participants: Moderate	2019-20	To research and pursue potential improvements in the emerging manager program.
(2) (NEW) Actuarial Assumption Research	Lead: Low Participants: Low	2019-20	To research and gather actuarial information and trends for the next experience study. The next experience study will cover July 1, 2016 - June 30, 2019 and is expected to be presented to the Board in June 2020.
(3) (NEW) Investment Benchmarking	Lead: Moderate Participants: Moderate	2019-20	To perform a cost and performance benchmarking analysis of the LAFPP portfolio.
GOAL 2 – Manage Risk Throughout the Organization			
Project Title	Workload Level	Duration	Project Objective
(4) (NEW) Contractor Disclosure Review Process Enhancements	Lead: Low Participants: Moderate	2019-20	To enhance assurance that investment and procurement decisions are made solely on the merits of the goods or services proposed to be provided by contractors to LAFPP.
GOAL 3 – Enhance Customer Care and Stakeholder Relations			
Project Title	Workload Level	Duration	Project Objective
(5) (NEW) Direct Deposit Transition	Lead: Moderate Participants: Moderate	2019-20	To reduce the usage of physical checks by 50% and have members voluntarily enroll into direct deposit.

2019-20 FINAL BUSINESS PLAN PROJECT MATRIX SUMMARY

GOAL 3 – Enhance Customer Care and Stakeholder Relations			
Project Title	Workload Level	Duration	Project Objective
(6) (NEW) Focused Communications	Lead: Moderate Participants: Moderate	2019-20	To create focused benefit communications on individual topics that will address frequently asked questions and reduce member inquiries.
(7) PARIS (Pension and Retirement Information System) Implementation	Lead: High Participants: High	2015-16 2016-17 2017-18 2018-19 2019-20 <u>2020-21</u> ²	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.
GOAL 4 – Pursue Operational Efficiencies			
Project Title	Workload Level	Duration	Project Objective
(8) Implementation of New Accounting Software	Lead: Moderate Participants: Moderate	2019-20	To replace the current accounting software and improve financial reporting.
(9) (NEW) Department-wide Business Process Improvements	Lead: Moderate Participants: Moderate	2019-20 2020-21	To identify and implement operational best practices based on insights gained from pension administration benchmarking process and results for the period ending June 30, 2018.
(10) (NEW) Pensions Division Business Process Reengineering	Lead: Moderate Participants: Moderate	2019-20 2020-21 ³	To review Pensions Division Sections' business processes by PASCo in consultation with the Internal Audit Section. Recommendations will be made to leverage PARIS and DocuShare to improve efficiency

² Project extended through FY 2020-21 (revised per 3rd Quarter Update).

³ Project extended through FY 2020-21 (revised per 1st Quarter Update).

2019-20 FINAL BUSINESS PLAN PROJECT MATRIX SUMMARY

GOAL 5 – Build and Support a Talented Workforce			
Project Title	Workload Level	Duration	Project Objective
(11) (NEW) Investment Staff Duties Rotation and Development of Junior Staff	Lead: High Participants: High	2019-20	To continue the development of junior and senior staff through rotation of duties, cross-training and educational opportunities.
(12) (NEW) Workforce Succession Planning	Lead: High Participants: Low	2019-20	To develop and implement a cross-training pilot program on a limited basis and study results to assist in the efficient expansion of the pilot program.

GOAL 1 – Ensure a Financially Sound Retirement System

Project 1: *NEW* – Emerging Manager Program and Policy Review

Duration: 2019-20

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

Project Participants: Investments Staff and RVK

Stakeholders: Board Members, LAFPP Members

PROJECT OBJECTIVE	To research and pursue potential improvements in the emerging manager program.
PROJECT HISTORY	The Emerging Manager program was created in the early 90's in order to seek out firms that may outperform their peers but have less ability to market themselves to large institutional investors. Similar to other managers, the performance of emerging managers varies and given the evolution of the marketplace in recent years, a deeper look into the program would be beneficial for LAFPP.
2019-20 DELIVERABLES	Comprehensive review of the Emerging Manager Program and Policy reported to the Board.
2019-20 MILESTONES	<p>BY SEPTEMBER 30, 2019: Begin review of Emerging Managers and the existing policy.</p> <p>BY DECEMBER 31, 2019: Complete review process with RVK.</p> <p>BY MARCH 31, 2020: Compile data, form recommendations and present to the Board the results of the comprehensive review of the Emerging Manager Program.</p>
2019-20 RESOURCES	There are no anticipated additional costs associated with this project. Staff will utilize existing resources.

GOAL 1 – Ensure a Financially Sound Retirement System

Project 2: NEW - Actuarial Assumption Research

Duration: 2019-20

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

Project Participants: Greg Mack

Stakeholders: LAFPP Staff, Management, and Board of Commissioners

PROJECT OBJECTIVE	To research and gather actuarial information and trends for the next experience study. The next experience study will cover July 1, 2016 - June 30, 2019 and is expected to be presented to the Board in June 2020.
PROJECT HISTORY	The 2020 experience study will review the economic and demographic actuarial assumptions and compare actual experience with what was expected under the current assumptions. The Society of Actuaries have released a new mortality table for retiree public safety members. The Board's actuarial consultant may recommend changes to the mortality table along with other potential assumption changes including and not limited to inflation, investment return, salary increases, termination and disability incidence rates.
2019-20 DELIVERABLES	Presentation to the Board regarding actuarial industry trends that could impact the assumptions recommended in the next experience study.
2019-20 MILESTONES	BY DECEMBER 31, 2019: Research the actuarial assumptions changes being recommended for other Pension systems by their actuarial consultants. BY JUNE 30, 2020: Presentation to the Board of the results regarding actuarial information and trends as they relate to the experience study.
2019-20 RESOURCES	The final budget includes existing staffing and actuarial costs associated with this project. No additional costs are anticipated.

GOAL 1 – Ensure a Financially Sound Retirement System

Project 3: *NEW* – Investment Benchmarking

Duration: 2019-20

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

Project Participants: Investments Division and Investment Benchmarking Firm

Stakeholders: Board Members and LAFPP Members

PROJECT OBJECTIVE	To perform a cost and performance benchmarking analysis of the LAFPP portfolio.
PROJECT HISTORY	The Board regularly reviews the Plan’s investment performance, risk taken, and costs associated with the management of its investment program. This project will provide a comprehensive comparison of how LAFPP is performing versus its peers.
2019-20 DELIVERABLES	Comprehensive review of LAFPP’s portfolio investment performance, risk and costs compared to a peer group of funds for the period ending December 31, 2018.
2019-20 MILESTONES	BY MARCH 31, 2020: Review the draft report to the General Manager and CIO. BY JUNE 30, 2020: Present the final report to the Board.
2019-20 RESOURCES	The costs associated with this project are unknown at this time. No additional staffing costs are anticipated.

GOAL 2 – Manage Risk Throughout the Organization

Project 4: *NEW* – Contractor Disclosure Review Process Enhancements

Duration: 2019-20

Project Lead: James Yeung, Internal Auditor IV, Internal Audit Section

Project Participants: Internal Audit Section Staff

Stakeholders: LAFPP and LAFPP Contractors

PROJECT OBJECTIVE	To enhance assurances that investment and procurement decisions are made solely on the merits of the goods or services proposed to be provided by contractors to LAFPP.
PROJECT HISTORY	The Contractor Disclosure Policy requires contractors to disclose contributions, gifts, and contacts to provide transparency on conflicts of interest. The policy was intended to supplement city and state ethics laws. Current procedures rely solely on self-reporting, and review procedures are independent of city/state compliance requirements.
2019-20 DELIVERABLES	Enhanced Internal Audit Section review of procedures and processes.
2019-20 MILESTONES	BY SEPTEMBER 30, 2019: Identify available external data resources. Develop, document, and test procedures and processes to cross reference reported contractor disclosures to external data resources. BY DECEMBER 31, 2019: Full implementation.
2019-20 RESOURCES	There are no anticipated costs associated with this project. Existing Internal Audit Section staff will be utilized for this project.

GOAL 3 – Enhance Customer Care and Stakeholder Relations

Project 5: NEW - Direct Deposit Transition

Duration: 2019-20

Project Lead: Kyle Susswain, Manager, Retirement Services

Project Participants: Retirement Services Staff

Stakeholders: LAFPP Members and Retirement Services Staff

PROJECT OBJECTIVE	To reduce the usage of physical checks by 50% and have members voluntarily enroll into direct deposit.
PROJECT HISTORY⁴	Members receiving checks can possibly receive their payments late, forget if they cashed them, or lose them. To replace a lost check, members must complete and return a notarized affidavit by a certain day to meet LAFPP's Off-Cycle check repayment date. If they miss that date, it would take another month to receive payment. CPAS allows for retroactive direct deposit payments to be made much more frequently. The City Attorney has advised staff that LAFPP may adopt a policy requiring direct deposit, however, members need to be allowed to opt-out in order to comply with California law.
2019-20 DELIVERABLES	Reduce physical check usage by 50% and have members voluntarily enroll into direct deposit.
2019-20 MILESTONES⁵	<p>BY SEPTEMBER 30, 2019: Identify members receiving checks and verify addresses. Email and mail letters with direct deposit forms to these members. Also post direct deposit transition information to the LAFPP website.</p> <p>BY DECEMBER 31, 2019: Receive forms and enroll 16% of check receiving members into direct deposit. Send 2nd round of letters to those that did not enroll.</p> <p>BY MARCH 31, 2020: Receive forms and enroll 33% of check receiving members into direct deposit. Verify phone numbers and call the remaining members, send final round of letters to those that did not enroll.</p> <p>BY JUNE 30, 2020: Receive forms and enroll 50% of check receiving members into direct deposit. Continue efforts to enroll the remaining members.</p>
2019-20 RESOURCES	There are no anticipated costs associated with this project other than existing staff. Potential for cost savings are \$0.055 per deposit versus \$0.62 per check.

⁴ Amended to include information from City Attorney indicating members will need to be allowed to opt-out in order to comply with California law (revised per 1st Quarter Update).

⁵ Amendment to the September 30, 2019 milestone; PARIS limitations do not allow messages on paper checks for affected members only, so an additional email notification will be distributed along with a posting on the LAFPP website (revised per 1st Quarter Update).

GOAL 3 – Enhance Customer Care and Stakeholder Relations

Project 6: *NEW* – Focused Communications

Duration: 2019-20

Project Lead: Elizabeth Trevizo, Management Analyst, Communications & Education

Project Participants: LAFPP Staff

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

PROJECT OBJECTIVE	To create focused benefit communications on individual topics that will address frequently asked questions and reduce member inquiries.
PROJECT HISTORY	The Charter and Administrative Code define pension benefits and the Summary Plan Descriptions summarize the benefit information. Newsletters provide information on current benefits or upcoming changes to benefits. Focused communications such as information sheets, brochures and handbooks provide easy access to specific topics, as needed.
2019-20 DELIVERABLES	To create focused communications that are accessible and easy to update at a minimal cost.
2019-20 MILESTONES	<p>BY SEPTEMBER 30, 2019:</p> <ul style="list-style-type: none">a) Determine information requested most often – poll staff and members; andb) Create a library of titles and types of communications (info sheets, brochures, etc.). <p>BY DECEMBER 31, 2019:</p> <ul style="list-style-type: none">a) Prioritize topics; andb) Draft a minimum of two (2) communications. <p>BY JUNE 30, 2020:</p> <p>Finalize two (2) communications and post on Website.</p>
2019-20 RESOURCES	\$500 is included in the 2019-20 Final Budget for the new template from the graphic designer. No additional staffing costs are anticipated for this project.

GOAL 3 – Enhance Customer Care and Stakeholder Relations

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

Duration: 2015-16, 2016-17, 2017-18, 2018-19, ~~and~~ 2019-20, and 2020-21

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

Project Participants: LAFPP Staff, Consultants, and Northern Trust

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>The Request for Proposal (RFP) to replace the current Pension Administration System was released in July 2014 with several bids received in October 2014. The Evaluation Team reviewed the bids and selected Xerox (now assigned to Avenu Insights and Analytics, LLC) as the top-ranking vendor with the lowest cost. The Board awarded the contract to Avenu on May 21, 2015 and implementation of the project began in July 2015. The new system that is being developed was later named PARIS (Pension and Retirement Information System).</p> <p>For the last four years, staff has worked with the Avenu team to setup the hosting environment, confirm and document the various specifications, and test/validate delivered functionality, including critical reports and correspondences. After a thorough User Acceptance Testing (UAT) and a two-month “parallel testing” period, PARIS went live with Phase 4A – Core Pension Functionality on January 9, 2019. This allowed the project team to focus on the next phase of the project, Phase 4C- Member Web Functionality, which went live on May 16, 2019.</p> <p>Fiscal Year 2019-20<u>2020-21</u>^{6,7} will serve as the final year of project implementation as staff completes the last phase of the project, Phase 4B – DocuShare and Workflow Integration.</p>
2019-20 DELIVERABLES	<p>a) Configure and deliver for testing additional system functionality for DocuShare and Workflow integration; and</p> <p>b) Ongoing data cleansing.</p>

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

2019-20 MILESTONES ⁶	BY JUNE 30, 2020: Delivery, testing, and implementation of additional system functionality for DocuShare and <u>integration of three Workflows</u> integration (Phase 4B).
2019-20 RESOURCES	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 Avenu. The Board also approved LRWL, Inc. to provide oversight project management and quality assurance services for an amount not to exceed \$1.16 million. The 2019-20 Final Budget includes \$725,833 in contractual costs for the PARIS Project. All staff resources, including three resolution positions, have been budgeted through the salary account.
<u>(TENTATIVE) FUTURE YEAR DELIVERABLES⁷</u>	<u>BY DECEMBER 31, 2020:</u> <u>Delivery, testing, and implementation of additional system functionality for DocuShare and integration of remaining Workflows (Phase 4B).</u>

⁶ Original milestone date of December 31, 2019 was extended to June 30, 2020 (revised per 1st Quarter Update). Milestone was further revised to reflect three workflows to be completed by June 30, 2020 (revised per 3rd Quarter Update).

⁷ Future Year Deliverables added to reflect the remaining workflows of the phase to be completed December 31, 2020 (revised per 3rd Quarter Update).

GOAL 4 - Pursue Operational Efficiencies

Project 8: Implementation of New Accounting Software

Duration: 2019-20

Project Lead: Yolanda Huang, Dept. Chief Accountant IV, Accounting Section

Project Participants: Accounting and Systems Sections

Stakeholders: LAFPP Staff and Management, LAFPP Members and Public

PROJECT OBJECTIVE	To replace the current accounting software and improve financial reporting.
PROJECT HISTORY	Accounting currently uses Microsoft Dynamics-Solomon which is no longer being supported by Microsoft in its current form. A new version of the same software would require purchasing the entire package which is too expensive at this time. Accounting and Systems are looking for other alternative software that would provide equal or better accounting functionality at a more reasonable cost.
2019-20 DELIVERABLES	New accounting software with better functionality would be the expected output of this project.
2019-20 MILESTONES	BY MARCH 31, 2020: a) Review existing software features and gather new requirements; b) Research and evaluate available software and cloud-based services; and c) Select and procure software. BY JUNE 30, 2020: a) Install, configure, and deploy software in production; and b) Migrate data and conduct user training.
2019-20 RESOURCES	The cost associated with this project is included in Systems' 2019-20 Final Budget. No additional staffing costs are anticipated.

GOAL 4 – Pursue Operational Efficiencies

Project 9: NEW – Department-wide Business Process Improvements

Duration: 2019-20 and 2020-21

Project Lead: Myo Thedar, Administrative Operations Division

Project Participants: Administrative Operations and Pensions Divisions

Stakeholders: LAFPP Staff and LAFPP Members

PROJECT OBJECTIVE	To identify and implement operational best practices department-wide based on insights gained from the pension administration benchmarking process and results for the period ending June 30, 2018.
PROJECT HISTORY	<p>Pension administration benchmarking was initiated in FY 18-19 (Business Plan Project No. 8). In June 2019, Cost Efficiency Management (CEM) Benchmarking presented the benchmarking results for the FY 2018.</p> <p>The benchmarking survey and results:</p> <ul style="list-style-type: none"> • provided a better understanding of the service metrics measured in a pension administration benchmarking and how LAFPP compares to a peer group; • identified the department’s high performing areas and areas where there are opportunities to become more efficient; and • provided access to Peer Intelligence Network (PIN), a knowledge base and forum through which pension administration best practices are shared. <p>Based on the benchmarking results, the LAFPP Board instructed staff to implement operational best practices and perform a follow-up CEM Benchmarking survey in three years (based on FY 2021 data) to measure changes in departmental operations.</p>
2019-20 DELIVERABLES	Methodical research, prioritization and implementation of best practices in areas where department operations can immediately become more efficient with minimal impact to current service levels.
2019-20 MILESTONES	<p>BY JUNE 30, 2020:</p> <ul style="list-style-type: none"> • Research and identify opportunities for efficiencies based on CEM’s results • Determine which of these opportunities are short term projects (may be implemented immediately) and which are longer term projects (that may impact service levels) that require additional research <ul style="list-style-type: none"> ○ Short Term Projects with Minimal Service Level Impact: <ul style="list-style-type: none"> ▪ Complete research on process improvements ▪ Implement immediately and quantify impact (if possible) ▪ Report implemented projects to the Board ○ Longer Term Projects that May Impact Service Levels: <ul style="list-style-type: none"> ▪ Report research and findings to the Board ▪ Propose future Deliverables and Milestones

Project 9: *NEW* – Business Process Improvements

2019-20 RESOURCES	There is no funding request associated with this project. Budget or other resource requests will be made in future years, if necessary. Existing staff will be utilized to manage and coordinate this project.
(TENTATIVE) FUTURE YEAR DELIVERABLES	<ul style="list-style-type: none">• Survey members for feedback on big impact items• Prioritize improvements based on member feedback and availability of digital solutions and resources• Discuss with Board opportunities that may impact service levels• Develop Milestones that incorporate process improvement research and proposed operational efficiencies.

GOAL 4 – Pursue Operational Efficiencies

Project 10: *NEW* – Pensions Division Business Process Reengineering

Duration: 2019-20 and 2020-21⁸

Project Lead: Anthony Torres, Manager, PASCo

Project Participants: Pensions Division, Accounting Section, and Internal Audit Section

Stakeholders: Executive Management, Pensions Division Staff, and Accounting Section

PROJECT OBJECTIVE	To review Pensions Division Sections’ business processes by PASCo in consultation with the Internal Audit Section. Recommendations will be made to leverage PARIS and DocuShare to improve efficiency.
PROJECT HISTORY⁹	<p>This project is an outgrowth of the implementation of PARIS and DocuShare. The workload involved with conversion and testing activities has not left staff with much time to reevaluate their business processes to make the most of PARIS and DocuShare.</p> <p>Due to continuing development work on PARIS, the first milestone date has been delayed until March 31, 2020. The timeline has also been extended to June 30, 2021 to allow for a one-quarter review per section. A total of six milestones will be delivered over the two years.</p>
2019-20 DELIVERABLES	Process improvement recommendations for Pensions Division with respect to payment of member benefits. Proposals for further PARIS enhancements.
2019-20 MILESTONES¹⁰	<p>BY MARCH 31, 2020: Business process review completed, recommendations made, and process manuals developed for one Section in Pensions Division.</p> <p>BY JUNE 30, 2020: Business process review completed, recommendations made, and process manuals developed for one Section in Pensions Division.</p>

⁸ Project extended through FY 2020-21 due to continuing development work on Project 7 (revised per 1st Quarter Update).

⁹ Amended to indicate one-quarter review per section (revised per 1st Quarter Update).

¹⁰ First milestone pushed to March 31, 2020, with total six milestones to be delivered by June 30, 2021 (revised per 1st Quarter Update).

Project 10: *NEW* – Pensions Division Business Process Reengineering

2019-20 RESOURCES ¹¹	The final budget includes salary costs for three resolution positions (PASCo) associated with this project. Additional costs for future enhancements may be required for PARIS as a result of this project.
(TENTATIVE) FUTURE YEAR DELIVERABLES ¹²	BY JUNE 30, 2021 (EXTEND INTO NEXT FISCAL YEAR): Business Process review completed, recommendations made, and process manuals developed for remaining four Sections in Pensions Division.

¹¹ Section added (revised per 1st Quarter Update).

¹² Section added (revised per 1st Quarter Update).

GOAL 5 - Build and Support a Talented Workforce

Project 11: *NEW* - Investment Staff Duties Rotation and Development of Junior Staff

Duration: 2019-20

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

Project Participants: Investments Division Staff

Stakeholders: Board Members and LAFPP Members

PROJECT OBJECTIVE	To continue the development of junior and senior staff through rotation of duties, cross-training and educational opportunities.
PROJECT HISTORY	The size and complexity of the Fund's investment portfolio have grown significantly over the last decade. With junior Staff coming into the Investment Division, succession planning and cross-training are important. By changing the Investment Division structure both junior and senior Staff will gain more exposure to additional asset classes.
2019-20 DELIVERABLES	Change reporting structure of junior staff and asset class coverage of senior Investments Staff.
2019-20 MILESTONES	<p>BY SEPTEMBER 30, 2019: Begin the rotation of senior Staff asset classes and new reporting structure of junior Staff.</p> <p>BY DECEMBER 31, 2019: Continue cross-training through conferences, seminars and staff cross collaboration.</p> <p>BY MARCH 31, 2020: Internal staff review to revise responsibilities to match section needs.</p> <p>BY JUNE 30, 2020: Final implementation of staff rotation.</p>
2019-20 RESOURCES	There are no additional staffing costs associated with this project.

GOAL 5 – Build & Support a Talented Workforce

Project 12: NEW – Workforce Succession Planning

Duration: 2019-20

Project Lead: James Schiffhauer, Department Personnel Officer, Human Resources

Project Participants: All Sections

Stakeholders: LAFPP Staff and Management

PROJECT OBJECTIVE	To develop and implement a cross-training pilot program on a limited basis and study results to assist in the efficient expansion of the pilot program.
PROJECT HISTORY	<p>Succession planning has long been an integral part of our operations. It was first developed in 2005-06 for the General Manager and Chief Investment Officer positions (General Manager Goal #3). In 2012-13, succession plans for the two Assistant General Manager positions were incorporated to the existing plan.</p> <p>As part of the 2018-19 Business Plan, the succession plans for these four positions were updated in 2018-19. Additionally, a Workforce Succession Planning (WSP) Team was formed to study other agencies' succession planning approaches. The study revealed that most of the agencies use either a cross-training program or a mentoring program. Based on a departmentwide survey, WSP concluded that the best option would be a cross-training program.</p> <p>The WSP Team also identified additional positions in middle management as key to succession planning: Management Analyst, Senior Management Analyst, Chief Benefits Analyst, and the newly formed positions of Benefits Analyst and Senior Benefits Analyst.</p>
2019-20 DELIVERABLES	To develop and implement cross-training pilot program.
2019-20 MILESTONES	<p>BY DECEMBER 31, 2019:</p> <ul style="list-style-type: none"> • Develop goals and selection criteria for the cross-training pilot program • Identify sections / positions to participate in the cross-training pilot program • Begin cross-training pilot program <p>BY JUNE 30, 2020:</p> <ul style="list-style-type: none"> • Expand cross-training pilot program to include multiple sections / divisions within LAFPP. Build cross-training into the onboarding of new employees and create evaluation system to gauge success • Develop method / process for allowing employees opportunities to apply their new skills.
2019-20 RESOURCES	There is no additional funding or staffing request associated with this project. Existing staff will manage and coordinate this project.