



# DEPARTMENT OF FIRE AND POLICE PENSIONS

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

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DATE: JUNE 20, 2019

ITEM: A.4

FROM: RAYMOND P. CIRANNA, GENERAL MANAGER

SUBJECT: 2019-20 FINAL BUSINESS PLAN AND POSSIBLE BOARD ACTION

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### RECOMMENDATION

That the Board approve the attached 2019-20 Final Business Plan (Attachment).

### DISCUSSION

On March 21, 2019, the Board approved the 2019-20 Proposed Business Plan in conjunction with the 2019-20 Proposed Budget. Subsequently, Staff has added four new projects to the Final Business Plan and removed two projects from the Proposed Business Plan for the Board's consideration. These projects are discussed later in the report.

The 2019-20 Final Business Plan consists of 12 projects in support of the 2019-21 Three-Year Strategic Plan and was developed in conjunction with the 2019-20 Final Budget to ensure that all resources required to complete the Business Plan projects are adequately funded. The 2019-20 Final Budget is also on today's Board meeting agenda.

The Business Plan is organized pursuant to the following LAFPP Strategic Goals to ensure that projects are prioritized relative to operational needs:

- 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

Eight of the 12 projects were submitted as part of the 2019-20 Proposed Business Plan:

- 1) Emerging Manager Program and Policy Review (No. 1): Research and pursue potential improvements in the emerging manager program;
- 2) Actuarial Assumption Research (No. 2): 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) Contractor Disclosure Review Process Enhancements (No. 4): 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;

- 4) Direct Deposit Transition (No. 5): Reduce the usage of physical checks by 50% and have members voluntarily enroll into direct deposit;
- 5) Focused Communications (No. 6): Create focused benefit communications on individual topics that will address frequently asked questions and reduce member inquiries;
- 6) Implementation of New Accounting Software (No. 8): Replace the current accounting software and improve financial reporting;
- 7) Pensions Division Business Process Reengineering (No. 10): Review of 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; and,
- 8) Investment Staff Duties Rotation and Development of Junior Staff (No 11): Continued development of junior and senior staff through rotation of duties, cross-training and educational opportunities.

Four projects newly added to the 2019-20 Final Business Plan are:

- 9) Investment Benchmarking (No. 3): Perform a cost and performance benchmarking analysis of the LAFPP portfolio;
- 10) PARIS (Pension and Retirement Information System) Implementation (No. 7): Complete the implementation of the new Pension Administration System that will result in improved overall efficiency in the department's business operations and continued superior service to our membership;
- 11) Department-wide Business Process Improvements (No. 9): Identify and implement operational best practices based on insights gained from the pension administration benchmarking process and results for the period ending June 30, 2018; and,
- 12) Workforce Succession Planning (No. 12): 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.

Two projects which have been reprioritized and removed since the presentation of the 2019-20 Proposed Business Plan are:

- 1) Update of the LAFPP Records Retention and Disposition Schedule (formerly No. 7): Update the department's Records Retention and Disposition Schedule to regulate and preserve physical and electronic storage space through the timely disposal of records; and,
- 2) Upgrade of LAFPP Support Request Ticketing System (formerly No. 9): Replace current support request ticketing system to improve tracking of staff support requests and management reporting capabilities.

The Project Summary Matrix lists all the projects and includes workload level indicators, which is intended to give the Board a sense of the staff and participant workload requirements for the upcoming fiscal year.

Staff will continue to track the progress of all projects in the Business Plan Quarterly Update reports to the Board, and through these reports will recommend any necessary changes in scheduling or budget. This process allows the Board to measure progress and adjust periodically to reflect any changes that may occur.

## **BUDGET**

Funding for the proposed projects has been included in the 2019-20 Final Budget.

## **POLICY**

There are no policy changes proposed in this report.

## **CONTRACTOR DISCLOSURE INFORMATION**

There is no contractor disclosure information required with this report.

This report was prepared by:

Diana Pointer, Manager  
Administrative Services Section

RPC:WSR:MTS:DP

Attachment: 2019-20 Final Business Plan

# LAFPP

LOS ANGELES FIRE AND POLICE PENSIONS



## **FINAL 2019-20 BUSINESS PLAN**

**AS SUBMITTED TO THE BOARD:  
JUNE 20, 2019**



# 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 December 31, 2019.

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

## 2019-20 FINAL BUSINESS PLAN PROJECT MATRIX SUMMARY

<b>GOAL 1 – Ensure a Financially Sound Retirement System</b>			
<b>Project Title</b>	<b>Workload Level</b>	<b>Duration</b>	<b>Project Objective</b>
<b>(1) (NEW)</b> Emerging Manager Program and Policy Review	Lead: Moderate  Participants: Moderate	2019-20	To research and pursue potential improvements in the emerging manager program.
<b>(2) (NEW)</b> 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.
<b>(3) (NEW)</b> Investment Benchmarking	Lead: Moderate  Participants: Moderate	2019-20	To perform a cost and performance benchmarking analysis of the LAFPP portfolio.
<b>GOAL 2 – Manage Risk Throughout the Organization</b>			
<b>Project Title</b>	<b>Workload Level</b>	<b>Duration</b>	<b>Project Objective</b>
<b>(4) (NEW)</b> 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.
<b>GOAL 3 – Enhance Customer Care and Stakeholder Relations</b>			
<b>Project Title</b>	<b>Workload Level</b>	<b>Duration</b>	<b>Project Objective</b>
<b>(5) (NEW)</b> 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

<b>GOAL 3 – Enhance Customer Care and Stakeholder Relations</b>			
<b>Project Title</b>	<b>Workload Level</b>	<b>Duration</b>	<b>Project Objective</b>
<b>(6) (NEW)</b> 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.
<b>(7)</b> PARIS (Pension and Retirement Information System) Implementation	Lead: High  Participants: High	2015-16 2016-17 2017-18 2018-19 2019-20	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.
<b>GOAL 4 – Pursue Operational Efficiencies</b>			
<b>Project Title</b>	<b>Workload Level</b>	<b>Duration</b>	<b>Project Objective</b>
<b>(8)</b> Implementation of New Accounting Software	Lead: Moderate  Participants: Moderate	2019-20	To replace the current accounting software and improve financial reporting.
<b>(9) (NEW)</b> 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.
<b>(10) (NEW)</b> Pensions Division Business Process Reengineering	Lead: Moderate  Participants: Moderate	2019-20	To review Pensions Division Sections' business processes by PASCo in consultation with the Internal Audit Section. Recommendations will be made to leverage PARIS and DocuShare to improve efficiency

## 2019-20 FINAL BUSINESS PLAN PROJECT MATRIX SUMMARY

<b>GOAL 5 – Build and Support a Talented Workforce</b>			
<b>Project Title</b>	<b>Workload Level</b>	<b>Duration</b>	<b>Project Objective</b>
<b>(11)</b> <b>(NEW)</b> 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.
<b>(12)</b> <b>(NEW)</b> 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

<b>PROJECT OBJECTIVE</b>	To research and pursue potential improvements in the emerging manager program.
<b>PROJECT HISTORY</b>	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.
<b>2019-20 DELIVERABLES</b>	Comprehensive review of the Emerging Manager Program and Policy reported to the Board.
<b>2019-20 MILESTONES</b>	<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>
<b>2019-20 RESOURCES</b>	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

<b>PROJECT OBJECTIVE</b>	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.
<b>PROJECT HISTORY</b>	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.
<b>2019-20 DELIVERABLES</b>	Presentation to the Board regarding actuarial industry trends that could impact the assumptions recommended in the next experience study.
<b>2019-20 MILESTONES</b>	<p>BY DECEMBER 31, 2019: Research the actuarial assumptions changes being recommended for other Pension systems by their actuarial consultants.</p> <p>BY JUNE 30, 2020: Presentation to the Board of the results regarding actuarial information and trends as they relate to the experience study.</p>
<b>2019-20 RESOURCES</b>	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

<b>PROJECT OBJECTIVE</b>	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.
<b>PROJECT HISTORY</b>	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.
<b>2019-20 DELIVERABLES</b>	Enhanced Internal Audit Section review of procedures and processes.
<b>2019-20 MILESTONES</b>	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.
<b>2019-20 RESOURCES</b>	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 HISTORY	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.
2019-20 DELIVERABLES	Reduce physical check usage by 50% and have members voluntarily enroll into direct deposit.
2019-20 MILESTONES	<p>BY SEPTEMBER 30, 2019: Identify members receiving checks and verify addresses. Mail letters w/direct deposit forms to these members. Also post to website and place messages on their checks.</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.

# **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

<b>PROJECT OBJECTIVE</b>	To create focused benefit communications on individual topics that will address frequently asked questions and reduce member inquiries.
<b>PROJECT HISTORY</b>	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.
<b>2019-20 DELIVERABLES</b>	To create focused communications that are accessible and easy to update at a minimal cost.
<b>2019-20 MILESTONES</b>	<p>BY SEPTEMBER 30, 2019:</p> <ul style="list-style-type: none"><li>a) Determine information requested most often – poll staff and members; and</li><li>b) Create a library of titles and types of communications (info sheets, brochures, etc.).</li></ul> <p>BY DECEMBER 31, 2019:</p> <ul style="list-style-type: none"><li>a) Prioritize topics; and</li><li>b) Draft a minimum of two (2) communications.</li></ul> <p>BY JUNE 30, 2020:</p> <p>Finalize two (2) communications and post on Website.</p>
<b>2019-20 RESOURCES</b>	\$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

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

<b>PROJECT OBJECTIVE</b>	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.
<b>PROJECT HISTORY</b>	<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 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>
<b>2019-20 DELIVERABLES</b>	<p>a) Configure and deliver for testing additional system functionality for DocuShare and Workflow integration; and</p> <p>b) Ongoing data cleansing.</p>
<b>2019-20 MILESTONES</b>	<p>BY DECEMBER 31, 2019: Delivery, testing and implementation of additional system functionality for DocuShare and Workflow integration (Phase 4B).</p>

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

2019-20 RESOURCES	<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 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.</p> <p>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.</p>
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## **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

<b>PROJECT OBJECTIVE</b>	To replace the current accounting software and improve financial reporting.
<b>PROJECT HISTORY</b>	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.
<b>2019-20 DELIVERABLES</b>	New accounting software with better functionality would be the expected output of this project.
<b>2019-20 MILESTONES</b>	<p>BY MARCH 31, 2020:</p> <ul style="list-style-type: none"><li>a) Review existing software features and gather new requirements;</li><li>b) Research and evaluate available software and cloud-based services; and</li><li>c) Select and procure software.</li></ul> <p>BY JUNE 30, 2020:</p> <ul style="list-style-type: none"><li>a) Install, configure, and deploy software in production; and</li><li>b) Migrate data and conduct user training.</li></ul>
<b>2019-20 RESOURCES</b>	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

<b>PROJECT OBJECTIVE</b>	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.
<b>PROJECT HISTORY</b>	<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"> <li>• provided a better understanding of the service metrics measured in a pension administration benchmarking and how LAFPP compares to a peer group;</li> <li>• identified the department’s high performing areas and areas where there are opportunities to become more efficient; and</li> <li>• provided access to Peer Intelligence Network (PIN), a knowledge base and forum through which pension administration best practices are shared.</li> </ul> <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>
<b>2019-20 DELIVERABLES</b>	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.
<b>2019-20 MILESTONES</b>	<p><b>BY JUNE 30, 2020:</b></p> <ul style="list-style-type: none"> <li>• Research and identify opportunities for efficiencies based on CEM’s results</li> <li>• 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"> <li>○ Short Term Projects with Minimal Service Level Impact:                 <ul style="list-style-type: none"> <li>▪ Complete research on process improvements</li> <li>▪ Implement immediately and quantify impact (if possible)</li> <li>▪ Report implemented projects to the Board</li> </ul> </li> <li>○ Longer Term Projects that May Impact Service Levels:                 <ul style="list-style-type: none"> <li>▪ Report research and findings to the Board</li> <li>▪ Propose future Deliverables and Milestones</li> </ul> </li> </ul> </li> </ul>

## 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"><li>• Survey members for feedback on big impact items</li><li>• Prioritize improvements based on member feedback and availability of digital solutions and resources</li><li>• Discuss with Board opportunities that may impact service levels</li><li>• Develop Milestones that incorporate process improvement research and proposed operational efficiencies.</li></ul>

## **GOAL 4 –Pursue Operational Efficiencies**

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

Duration: 2019-20

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

<b>PROJECT OBJECTIVE</b>	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.
<b>PROJECT HISTORY</b>	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.
<b>2019-20 DELIVERABLES</b>	Process improvement recommendations for Pensions Division with respect to payment of member benefits. Proposals for further PARIS enhancements.
<b>2019-20 MILESTONES</b>	<p>BY SEPTEMBER 30, 2019: Business process review completed and recommendations made for one Section in Pensions Division.</p> <p>BY DECEMBER 31, 2019: Business process review completed and recommendations made for an additional two Sections in Pensions Division.</p> <p>BY MARCH 31, 2020: Business process review completed and recommendations made for remaining three Sections in Pensions Division.</p> <p>BY JUNE 30, 2020: Complete consultation with Accounting to improve benefit payment workflow between Pensions Division and Accounting.</p>
<b>2019-20 RESOURCES</b>	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.

## **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

<b>PROJECT OBJECTIVE</b>	To continue the development of junior and senior staff through rotation of duties, cross-training and educational opportunities.
<b>PROJECT HISTORY</b>	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.
<b>2019-20 DELIVERABLES</b>	Change reporting structure of junior staff and asset class coverage of senior Investments Staff.
<b>2019-20 MILESTONES</b>	<p><b>BY SEPTEMBER 30, 2019:</b> Begin the rotation of senior Staff asset classes and new reporting structure of junior Staff.</p> <p><b>BY DECEMBER 31, 2019:</b> Continue cross-training through conferences, seminars and staff cross collaboration.</p> <p><b>BY MARCH 31, 2020:</b> Internal staff review to revise responsibilities to match section needs.</p> <p><b>BY JUNE 30, 2020:</b> Final implementation of staff rotation.</p>
<b>2019-20 RESOURCES</b>	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

<b>PROJECT OBJECTIVE</b>	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.
<b>PROJECT HISTORY</b>	<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>
<b>2019-20 DELIVERABLES</b>	To develop and implement cross-training pilot program.
<b>2019-20 MILESTONES</b>	<p>BY DECEMBER 31, 2019:</p> <ul style="list-style-type: none"> <li>• Develop goals and selection criteria for the cross-training pilot program</li> <li>• Identify sections / positions to participate in the cross-training pilot program</li> <li>• Begin cross-training pilot program</li> </ul> <p>BY JUNE 30, 2020:</p> <ul style="list-style-type: none"> <li>• 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</li> <li>• Develop method / process for allowing employees opportunities to apply their new skills.</li> </ul>
<b>2019-20 RESOURCES</b>	There is no additional funding or staffing request associated with this project. Existing staff will manage and coordinate this project.