

LAFPP

LOS ANGELES FIRE AND POLICE PENSIONS



**THREE-YEAR STRATEGIC PLAN
FISCAL YEARS: 2013-14 TO 2015-16**

ADOPTED BY THE BOARD - APRIL 18, 2013



THREE-YEAR STRATEGIC PLAN

FISCAL YEARS: 2013-14 TO 2015-16

INTRODUCTION

Each year, the Department undertakes a multi-year Strategic Planning process to ensure we methodically allocate resources to the most critical areas of our operations and to ensure we continue to successfully accomplish our mission: *TO ADVANCE THE HEALTH AND RETIREMENT SECURITY OF THOSE WHO DEDICATE THEIR CAREERS TO PROTECTING AND SERVING THE PEOPLE OF LOS ANGELES*. Our Strategic Plan includes eight continuing projects and four new projects. We believe these twelve projects are the most critical to ensure we continue to meet the Department's three primary goals of:

1) Customer Service –

To develop systems and processes that provide members with accurate, prompt and efficient services;

2) Risk Management –

To establish more formal and systematic approaches to operational risk management throughout LAFPP; and

3) Communications and Stakeholder Relations –

To present key stakeholders a clear picture of the value provided to the System and to maintain positive, professional relations with key stakeholders.

Two of the most significant projects ever undertaken by the Department are the New Headquarters Facility Project (No. 5) and the Member System Conversion Assessment and Lifecycle Review Project (No. 1). For the new headquarters, a building has been selected and building systems will soon be assessed thoroughly prior to final acquisition. Staff will then need to facilitate space planning, design, tenant improvements and the eventual move prior to our current lease expiring in 2014 (although the existing LAFPP lease can be extended up to one additional year). The Member System Conversion Assessment and Lifecycle Review Project may involve a complete transition of all member data and the payment processing to a new system, if a better solution to the current system (OnPoint) is identified. An IT consultant has been recently selected and will work with staff to perform a comprehensive review of current systems and potentially help develop an RFP for a new Pension

Administration system. It is anticipated that both projects will require a significant amount of staff resources to ensure seamless transitions without a disruption in service. Staff efforts on these two goals may impact or delay the completion of other projects in our Plan. Staff will report to the Board if we determine other projects will be impacted or delayed.

In addition to the Member System Conversion Project, we have three other ongoing technology projects. The Business Continuity Planning (BCP) Project (No. 8) has already improved the Department's efforts to provide member services during uncontrolled events and future phases of the BCP will be implemented in Fiscal Year 2014-15. The Document Imaging System Project (No. 2) has allowed staff to securely and more efficiently retrieve all records, and historical files will be imaged and indexed this upcoming fiscal year. Our Network Infrastructure and Security Project (No. 7) will also be completed in Fiscal Year 2013-14 and will continue to allow staff to serve members while ensuring we safeguard confidential member information.

The Internal Audit Section work will continue with the Health Subsidy Program Audit Project (No. 3) to ensure the Program is administered in an efficient manner and that subsidies are used as intended. The Peer Review Project (No. 6) is expected to be completed in Fiscal Year 2013-14 and will help guarantee the Section is conforming to Best Practices in government and international auditing standards. For Tax Compliance (No. 4) staff continues to coordinate with the City Council to codify the IRS required modifications in the Plan document through Ordinance changes and will consult with outside tax counsel to determine next filing cycle. This project is expected to be complete by January 2014.

The four new projects include an Operational Best Practices Project (No. 9) to research various best practices and identify areas of improvement. Also new this year is the Enhance Profile of LAFPP Project (No. 10) with the objective of increasing outreach and participation with diversity organizations to enhance the presence of LAFPP relating to investments. Lastly, we have two new projects to further improve communication and stakeholder relations. One is to develop existing staff for the Enhance Stakeholder Communications/Public Information Project (No. 11) and the other is the Recording of Pre-Retirement Seminars and other Member Updates Project (No. 12) and is anticipated to start in Fiscal Year 2014-15.

Once again, I want to extend my appreciation to the Board for its continued support for the Strategic Plan projects over the years; to staff for their constant efforts to make our System more efficient, valuable and responsive to our members; and to our stakeholders who benefit from our efforts and hold us accountable.

PROJECT SUMMARY MATRIX

GOAL I – Customer Service

Project Title	Workload Level	Duration	Project Objective
1) Member System Conversion Assessment & Lifecycle Review	Project Lead: Very High Project Participants: Very High	2013-14 2014-15 2015-16	To improve the OnPoint and Benefit Payment Passport (BPP) systems and develop a lifecycle replacement plan.
2) Document Imaging System	Project Lead: Moderate Project Participants: Moderate	2013-14	To reduce hardcopy documents and increase efficiency retrieving documents while protecting members' personal information.
3) LAFPP's Subsidy Program Audit	Project Lead: Moderate Project Participants: High	2013-14	To ensure LAFPP's Subsidy Program is effective, efficient, and that subsidies paid are spent as intended.
4) Tax Compliance	Project Lead: Moderate Project Participants: Low	2013-14	To continue to maintain compliance with Federal, State and Local regulations governing LAFPP.

GOAL II – Risk Management

Project Title	Workload Level	Duration	Project Objective
5) New Headquarters Facility	Project Lead: Very High Project Participants: Very High	2013-14 2014-15	To take advantage of the current opportunistic real estate market to purchase or construct a building.
6) Peer Review	Project Lead: High	2013-14	To successfully pass a professional Peer Review of the Internal Audit Section's quality control system and adherence to professional auditing standards.

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GOAL II – Risk Management (Continued)			
Project Title	Workload Level	Duration	Project Objective
7) Network Infrastructure and Security	Project Lead: Moderate	2013-14	To provide a secure and reliable network infrastructure that allows staff to continue supporting our members.
8) Business Continuity Planning	Lead: High Project Participants: Moderate	2013-14 2014-15	To preserve member services and meet operational needs during uncontrolled events that disrupts business processes.
9) New - Operational Best Practices	Project Leads: High Project Participants: 1) Moderate 2) Moderate 3) Low	2013-14 2014-15 2015-16	A Multi-year effort to ensure the Department follows best practices in the following areas of operations. Projects in 2013-14 include determining the feasibility and value of the following: 1) Performance Based Budgeting; 2) Annual Report vs. CAFR & 3) Social media utilization. Future Projects to be developed in later years.
Goal III – Communications & Stakeholder Relations			
Project Title	Workload Level	Duration	Project Objective
10) New - Enhance Profile of LAFPP	Project Lead: Moderate Project Participants: Moderate	2013-14 2014-15 2015-16	Increase outreach and participation with diversity organizations (NAA, NASP, AAAIM and NAIC) and organizations such as CALAPRS and NCPERS to enhance the presence of the Department within the community and trade organizations.
11) New - Enhance Stakeholder Communications/Public Information Project	Project Lead: High Project Participants: Low	2013-14	Positively influence LAFPP public perception through media and other outlets.
12) New - Record Pre-Retirement Seminars and other Member Updates	Project Lead: High Project Participants: Low	2014-15	Produce seminars on topics of interest to members and post on LAFPP's website.

GOAL I – Customer Service

Project 1: Member System Conversion Assessment & Lifecycle Review Project

Duration: 2013-14 / 2014-15 / 2015-16

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

Project Participants: Systems, Active Member Services, Retirement Services, Medical and Dental Benefits, Communications & Special Projects and Accounting Sections, Buck Consultants, Northern Trust, the Information Technology Agency, and Office of the Controller

Stakeholders: Retirees and beneficiaries, Pensions Division & Accounting Section Staff

PROJECT OBJECTIVE	To improve the overall operational efficiency and effectiveness of the OnPoint and benefit payment passport (BPP) systems and develop a lifecycle replacement plan to provide a benchmark to evaluate the need for a replacement system. This will be done by evaluating the systems' current capabilities against our evolving business demands and processes, and implement industry standard best practices to improve efficiency. This will result in continued superior service to our membership.
PROJECT HISTORY	<p>The Retiree Payroll Conversion project began in March 2004, with the objective to build upon the existing web-based member information system known as "Basis Web," eliminate the legacy mainframe-based Retirement and Pension (RAP) System and create a comprehensive pension administration system. To date, a significant number of process improvements have been implemented, eliminating manual calculations and redundant data entry. As a result, our data is more accurate and our calculations are performed more easily.</p> <p>To complete the process of replacing RAP, a new benefit payment system owned by Northern Trust was implemented in October 2010 and has been working in conjunction with OnPoint. Through the conversion, staff have assumed a significant amount of work previously handled by the Information Technology Agency (ITA) and the Controller's Office. Staff within the Systems and Accounting Sections and the Pensions Division have handled the workload internally and staff continues to assess and implement only the most critical BPP and OnPoint enhancements to address benefit changes and audit findings. In September 2012, staff released an RFP for an IT consultant to assist in the development of the business and technical requirements for the possible replacement of the Pension Administration System. A consultant should be selected by March 2013.</p>

Project 1: Member System Conversion Assessment & Lifecycle Review Project (Continued)

2013-14 DELIVERABLES	<ul style="list-style-type: none"> a) Develop a lifecycle replacement plan for OnPoint & BPP by performing a comprehensive review of our business operations & identifying gaps between operation needs & the capabilities of our systems; b) Develop RFP for a new Pension Administration system and a list of potential vendors; c) Identify Critical Enhancements to OnPoint and BPP as a result of Pension Plan changes that are authorized/negotiated.
2013-14 MILESTONES	<p><u>BY JANUARY 31, 2014:</u></p> <ul style="list-style-type: none"> a) Complete a lifecycle replacement plan for OnPoint and BPP, which includes an evaluation of our business operational needs against the capabilities of our systems; <p><u>BY JUNE 30, 2014:</u></p> <ul style="list-style-type: none"> a) Release RFP for a new Pension Administration system; b) Implement Critical Enhancements needed for OnPoint and BPP as necessary.
2013-14 RESOURCES	Estimated cost for the IT Consultant, training, critical OnPoint Enhancements, and possible RFP advertisement is \$208,000 and was requested in the Fiscal Year 2013-14 budget.
2014-15 DELIVERABLES	<ul style="list-style-type: none"> a) Assess whether RFP responses meet the requirements for a system replacement; and b) If replacement requirements are met, identify prospective Pension Administration system vendors to replace OnPoint and BPP.
2014-15 MILESTONES	<p><u>BY MARCH 31, 2015:</u></p> <ul style="list-style-type: none"> a) Identify and evaluate top Pension Administration System implementation vendors.
2014-15 RESOURCES	Estimated cost for the Vendor Selection & Procurement Services phase and for critical OnPoint enhancements is estimated to cost \$100,000.
2015-16 DELIVERABLES	<ul style="list-style-type: none"> a) Identify vendor to develop the new Pension Administration System.
2015-16 MILESTONES:	<p><u>BY SEPTEMBER 30, 2015:</u></p> <ul style="list-style-type: none"> a) Sign contract with identified Pension Administration vendor and begin implementation of a new Pension Administration system;
2015-16 RESOURCES:	Cost is dependent on the cost proposal received by the new Pension Administration System vendor selected and whether IT Consultant services will be utilized for Oversight Project Management and Quality Assurance which won't be determined until after the completion of the Procurement Services phase of the project in March 2015.

GOAL I – Customer Service

Project 2: Document Imaging System Project

Duration: 2013-14

Project Lead: Gregory Mack, Sr. Management Analyst II, Medical and Dental Benefits Section & Jennifer Huang-Leifeste, Programmer/Analyst V, Systems

Project Participants: All Department Staff

Stakeholders: Board Members, Executive Management, and Department Staff

PROJECT OBJECTIVE	To reduce hardcopy documents and increase efficiency in searching and retrieving documents while protecting members' personal information.
PROJECT HISTORY	<p>This project was first added to the General Manager's Department Goals in 2006-07. By December 2006, the Board approved the use of EMC Documentum, which had a Citywide contract for digital imaging, and a multi-stage implementation plan was developed in 2007. In 2007-08, hardware and software was purchased and user requirements were identified. In 2008-09, the pilot implementation was completed. In 2009-10, a generic framework approach increased efficiency and cost effectiveness in future implementations. In 2010-11, the project team focused on implementing most document types in the system. Staff members continued to image and index various historical member records.</p> <p>In 2011-12, the project team continued to expand the available document types and implemented document types for all day-forward documents placed into the system by June 2012. Staff began to destroy imaged paper documents reducing the number of records currently stored onsite. Staff continued to image and index onsite historical department records and identified a vendor that will complete the imaging and indexing of historical records. Staff anticipates contract execution by June 30, 2013.</p>
2013-14 DELIVERABLE	Vendor will image and index historical records stored in the LAFPP facility and begin back-file conversion at the offsite storage facility when requested.
2013-14 MILESTONES	<p><u>By JUNE 30, 2014:</u></p> <p>a) Complete the back-file conversion of onsite records.</p> <p>b) Begin the back-file conversion of records that are stored in the offsite storage facility.</p>
2013-14 RESOURCES	The cost of the vendor imaging and indexing historical records is expected to be \$175,000 and was requested in the Fiscal Year 2013-14 Budget.

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GOAL I – Customer Service

Project 3: LAFPP’s Subsidy Program Audit Project

Duration: 2013-14

Project Lead: Erin Kenney, Departmental Audit Manager, Internal Audit Section

Project Participants: Internal Audit, Medical and Dental Benefits, Retirement Services and Accounting Sections

Stakeholders: System Retirees and Beneficiaries, Medical and Dental Benefits Section Staff, Associations/Unions Administering Retiree Health Plans

PROJECT OBJECTIVE	To ensure LAFPP’s Subsidy Program is effective, efficient, and that subsidies paid are spent as intended. This includes an evaluation of operational processes, beneficiary eligibility, and financial records to determine whether health plans provided by the Associations/Unions are administered in a transparent, accountable, and fiscally responsible manner. Internal Audit Section (IAS) staff will conduct periodic audits of the Subsidy Program as it relates to each of the four Associations/Unions.
PROJECT HISTORY	LAFPP’s Subsidy Program Audit Project is designed to audit LAFPP’s Subsidy Program as it relates to each of the four associations that administer health benefits. IAS commenced the first Subsidy Program Audit as related to LAFRA in July 2011 and communicated results to the Board on April 19, 2012. IAS commenced the second Subsidy Program Audit as related to LAPRA in April 2012. Preliminary findings meetings were held with management the week of February 25, 2013. Exit meetings with LAPRA are anticipated for March 2013.
2013-14 DELIVERABLES	Conclusion of the first round of audits of LAFPP’s Subsidy Program. Scheduling of the second round of audits.
2013-14 MILESTONES	<p><u>BY OCTOBER 2013:</u> a) LAPPL Health Subsidy Program Complete</p> <p><u>BY DECEMBER 2013:</u> a) UFLAC Health Subsidy Program Complete</p> <p><u>BY MARCH 2014:</u> Staff begins second round of LAFPP’s Subsidy Program Audits</p>

GOAL I – Customer Service

Project 4: Tax Compliance

Duration: 2013-14

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

Project Participants: City Attorney’s Office and Outside Tax Counsel

Stakeholders: Active members, Retirees and Beneficiaries, Pensions Division Staff

PROJECT OBJECTIVE	To continue to maintain compliance with Federal, State and Local regulations governing the Los Angeles Fire & Police Pension System.
PROJECT HISTORY	<p>Submitted IRS Determination Letter (DL) and Voluntary Compliance Program (VCP) filing on February 2, 2009. Received IRS VCP Compliance Statement regarding the IRC 401(h) Health Benefits Account on March 23, 2010. A favorable DL was received from the IRS dated December 28, 2012.</p> <p>The IRS Cycle C filing period for governmental plans will open again on February 2, 2013 and will close on January 31, 2014. Upon advice of outside tax counsel, staff will be submitting another application for a favorable DL. Future DL filings will continue to be made on the 5-year cycle established by the IRS.</p>
2013-14 DELIVERABLES	To complete the IRS Determination Letter application process by January 14, 2014.
2013-14 MILESTONES	<p><u>BY SEPTEMBER 1, 2013:</u> Provide Charter and Administrative Code sections that constitute the Plan Document to ICE Miller, tax counsel, for a compliance evaluation and drafting of DL Cycle C application.</p> <p><u>BY JANUARY 1, 2014:</u> Complete the Internal Revenue Service (IRS) Determination Letter application process.</p>
2013-14 RESOURCES	Staff has included funds in the Department’s budget for FY 2013-14 for Cycle C filing fees.

GOAL II – Risk Management

Project 5: New Headquarters Facility Project

Duration: 2013-14 / 2014-15

Project Lead: Erika Tiedge, Investment Officer II, Investments Division

Project Participants: Investments, Administrative Services, Systems and Executive Management

Stakeholders: Board Members, Department Staff, Active and Retired Members

PROJECT OBJECTIVE	To gain long-term control over the Department’s space needs, take advantage of the current lower priced real estate market to purchase or construct a building, or lease at a more attractive rate.
PROJECT HISTORY	This project has been a goal of the Board for many years and the project was included in the FY 2011-12 Strategic Plan. LAFPP has made various offers on buildings and has pursued many leads. In August 2012, staff analyzed a build-to-suit property, but the owner decided to pursue the construction of a larger building in excess of LAFPP’s needs and price range. In November 2012, a purchase price was successfully negotiated and an offer was made on another building, but the owner decided not to sell the property. Also in November 2012, a different potential property was identified. LAFPP successfully negotiated a purchase agreement on the property and is in the process of completing the inspection/due diligence phase.
2013-14 DELIVERABLES	<p>If the 60-day inspection/due diligence process reveals that the target property is suitable as a headquarters facility and escrow closes (the seller can choose to exercise one or both of the two 30-day options to extend the escrow closing date), Staff will facilitate any necessary seismic and building system upgrades as well as space planning, design, tenant improvements, and all additional work necessary to complete the move to a new headquarters facility prior to our April 14, 2014 lease expiration. Should delays occur, LAFPP’s current lease provides two 6-month options to extend the lease beyond April 14, 2014.</p> <p>If the inspection/due diligence process revealed that the target property is unsuitable as a headquarters facility, continue working with the Board’s Headquarters Facility Separate Account Manager and brokers to identify and pursue alternate properties.</p>

Project 5: New Headquarters Facility Project (Continued)

2013-14 MILESTONES:	<p><u>By April 14, 2014:</u> Move into a new headquarters facility before LAFPP's April 14, 2014 lease expiration. This date assumes that we close on the target property and complete all necessary seismic and building system upgrades as well as space planning, design, tenant improvements, and all additional work necessary to complete the move to a new headquarters facility without the need to exercise either of LAFPP's two 6-month options to extend LAFPP's lease beyond April 14, 2014.</p>
2013-14 RESOURCES	<p>Funding requests will be provided to the Board for seismic and building system upgrades as well as space planning, design, tenant improvements, and any additional work necessary to complete the move to a new headquarters facility.</p>
2014-15 DELIVERABLES	<p>If delays require LAFPP to exercise one or both of its two 6-month options to extend its lease beyond April 14, 2014, continue to facilitate the necessary seismic and building system upgrades as well as space planning, design, tenant improvements and all work necessary to complete the move to a new headquarters facility.</p> <p>If the inspection/due diligence process revealed that the target property was unsuitable as a headquarters facility, continue working with the Board's Headquarters Facility Separate Account Manager and brokers to identify and pursue alternate properties.</p>
2014-15 MILESTONES	<p><u>By April 14, 2015 (if April 14, 2014 Milestone is not met):</u> Move into a new headquarters facility before April 14, 2015. This date assumes that exercising one or both of LAFPP's two 6-month options to extend LAFPP's lease beyond April 14, 2014 will be required in order to complete all necessary seismic and building system upgrades as well as space planning, design, tenant improvements, and any additional work necessary to complete the move to a new headquarters facility.</p>
2014-15 RESOURCES	<p>Funding requests will be provided to the Board (if required) for seismic and building system upgrades as well as space planning, design, tenant improvements, and any additional work necessary to complete the move to a new headquarters facility.</p>

GOAL II – Risk Management

Project 6: Peer Review Project

Duration: 2013-14

Project Lead: Erin Kenney, Departmental Audit Manager, Internal Audit Section

Project Participants: Internal Audit Section (IAS)

Stakeholders: Board, Audit Committee, Internal Audit Section staff, LAFPP management and staff, Relief Associations, unions, retirees and beneficiaries

PROJECT OBJECTIVE	<p>To successfully pass a professional Peer Review of the Internal Audit Section’s (IAS) quality control system and adherence to professional auditing standards. The IAS is dedicated to providing internal audit services that add value to the organization, and to communicating useful information to management to enhance its decision-making responsibilities.</p> <p>A Peer Review provides an independent and objective assessment of IAS by a professional review team that will evaluate whether policies, procedures, operations, and staff competencies meet Government Auditing Standards as well as the International Standards for the Professional Practice of Internal Auditing. Professional Peer Review highlights areas of strength and weakness, and gives guidance on continuous improvement of the audit function.</p>
PROJECT HISTORY	<p>IAS hired a Departmental Audit Manager in July 2010 who established the unit based on conformance with Government Auditing Standards and the International Standards for the Professional Practice of Internal Auditing. To fully comply with both sets of standards, a professional Peer Review is required.</p>
2013-14 DELIVERABLES	<p>Post Peer Review results on the LAFPP internet</p> <p>Memorialize Internal Audit Section policies and procedures in conformance with Government Auditing Standards and with International Standards for the Professional Practice of Internal Auditing.</p>
2013-14 MILESTONES	<p><u>BY APRIL 15, 2014</u>: Undergo a professional Peer Review.</p> <p><u>BY JUNE 30, 2014</u>: Report results to the Audit Committee & post peer review results.</p>
2013-14 RESOURCES	<p>The cost is projected to be \$5,000 and is included in the Fiscal Year 2013-14 budget.</p>

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GOAL II – Risk Management

Project 7: Network Infrastructure and Security

Duration: 2013-2014

Project Lead: Jimmy Lindsey, Systems Programmer III, Systems Section

Project Participants: Systems Section, Verizon Business Solutions, AT&T

Stakeholders: Board, Department Staff and Active and Retired Members

PROJECT OBJECTIVE	To continue to provide a secure and reliable network infrastructure that allows staff to efficiently and effectively support our members.
PROJECT HISTORY	<p>Staff determined that Internet speed caused a customer service issue in 2007 and included a plan to address it in the 2008-09 Strategic Plan. The Board authorized staff to move forward with our own independent internet connection in February 2009. A temporary independent 6MB internet connection was implemented in September 2009, resulting in greatly improved speed and improved security. Prior to this action, LAFPP never knew when or if the Information Technology Agency (ITA) conducted information technology security audits nor were we notified about potential vulnerabilities.</p> <p>A permanent Fiber line was implemented in January 2010. As a result of this technological independence, LAFPP staff took on significant additional responsibilities from ITA for network infrastructure maintenance, operation and security. An IT security contract was awarded in April 2010 and a formalized security policy was implemented in 2011. Regularly scheduled penetration tests have been performed on the LAFPP network and potential vulnerabilities continue to be promptly mitigated. Internal assessments are conducted to identify risk areas that need to be corrected to prevent security risk/exposures. In Fiscal Year 2012-13, system improvements included contract renewal for annual security awareness training, implementation of new UPS systems in the 6th floor data center and the development of new security policies which are pending final review and approval. The implementation of Voice Over IP has been placed on hold pending possible headquarter relocation.</p>

Project 7: Network Infrastructure and Security Project (Continued)	
2013-14 DELIVERABLES	<p>Continue to implement technological enhancements to our network infrastructure with protection from viruses, hackers, and other unknown threats.</p> <p>If purchase of new headquarters facility materializes, 1) assess and upgrade if necessary new facility's network infrastructure to adequately support LAFPP's current and future technology needs; 2) ensure network & systems are properly secured including physical security at the new headquarters; 3) design & build out a robust, resilient data center with production environment upgrades such as uninterrupted power, redundant cooling, fire suppression, etc.</p>
2013-14 MILESTONES	<p><u>BY DECEMBER 31, 2013:</u></p> <p>a) Implement 24 /7 network security monitoring service of LAFPP internet traffic by MS_ISAC, along with support for security updates & breaches.</p> <p><u>BY JUNE 30, 2014:</u></p> <p>a) Implementation of Iron port (WSA) Web Security Appliance to better secure & control internet traffic in & out of LAFPP's network.</p> <p>b) Implement additional systems improvements identified as part of our information technology audits and penetration tests to allow safe and private navigation on the Internet.</p> <p>If the purchase of new headquarters facility occurs: <u>BY APRIL 14, 2014 (Date may need to be revised):</u></p> <p>a) Upgrade network at new facility to be Voice over IP ready.</p> <p>b) Address the physical security issues identified by Verizon's security assessment of LAFPP's network.</p> <p>c) Consider the implementation of wireless technology in the new data center infrastructure.</p> <p>d) Address environmental concerns such as power, cooling, and fire suppression of the new data center from Verizon's assessment.</p> <p>e) Increase network bandwidth to support new services such as video streaming.</p>
2013-14 RESOURCES	<p>Estimated cost for the monitoring service and security system hardware and software is \$69,596 and was requested in the FY 13-14 budget. If purchase of new headquarters facility materializes, additional funding for the system changes will be included as part of the overall funding request to complete the move to the new headquarters facility.</p>

GOAL II – Risk Management

Project 8: Business Continuity Planning

Duration: 2013-14

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

Project Participants: All Department Staff

Stakeholders: Board Members, Active and Retired Members, and Department Staff

PROJECT OBJECTIVE	To preserve member services and continue to meet operational needs during uncontrolled events that disrupts business processes.
PROJECT HISTORY	<p>Los Angeles Fire and Police Pension (LAFPP) needs to develop a plan to preserve member services during uncontrolled events such as hardware failures, fires, and earthquakes. In order to accomplish this goal, the first step - the development of the Business Impact Analysis (BIA) report for LAFPP critical business processes – was completed in October 2011. The BIA report provided LAFPP with a high-level plan and recommendations to reduce the risks and continue to provide services to our members during business disruptions.</p> <p>On September 1, 2011, the Board approved staff to proceed with the next step - the development of a Business Continuity Plan (BCP). The goal of the BCP is to create a detailed plan that allows LAFPP to quickly recover from an event that disrupts operations and to mitigate the impact to the members. The BCP was completed in June 2012. LAFPP now has a detailed plan to quickly recover from various events and achieve the goal of preserving member services during business disruptions. Staff is in the process of finalizing the specifications of the approved Disaster Recovery (DR) solutions and identifying the upgrades that are necessary in the current Production environment. The Production upgrades have been determined necessary in order to proceed with the implementation of the DR solutions in an offsite facility.</p> <p>When the Board approves the solutions and the required resources in April 2013, staff will proceed with the Production upgrades and the hardware, and the software of the DR solutions will be configured. Furthermore, various tests of the new systems will be performed to ensure that services to the members will not be impacted during business disruptions. Lastly, reviewing and maintaining the BCP occurs annually to continuously meet the project objective as business processes changed and evolved.</p>

Project 8: Business Continuity Planning (Continued)

2013-14 DELIVERABLES	Implement upgrades in the current production environment and Disaster Recovery (DR) solutions.
2013-14 MILESTONES	<p><u>BY DECEMBER 31, 2013:</u></p> <ul style="list-style-type: none"> a) Issue and award a Request for Proposal to a consulting firm to assist in the production environment upgrades and DR solutions implementation upon the Board approval; b) Establish and execute a contract with the selected consulting firm; c) Begin the upgrades in the production environment; and d) Review and perform maintenance on the BCP for business processes that may have changed. <p><u>BY JUNE 30, 2014:</u></p> <ul style="list-style-type: none"> a) Complete the upgrades in the production environment; b) Design a foot-print of the DR solutions and connectivity; and c) Begin the implementation of the DR solutions in an off-site facility.
2013-14 RESOURCES	The cost of the Business Continuity Planning project is estimated at \$609,000 as a one-time set up fee and is requested in the FY 13-14 budget.
2014-15 DELIVERABLES	Implement and test the DR solutions in an off-site facility.
2014-15 MILESTONES	<p><u>BY DECEMBER 31, 2014:</u></p> <ul style="list-style-type: none"> a) Complete the implementation of the DR solutions in an off-site facility; and b) Prepare, plan, and complete various tests of the physical DR solutions and resources. <p><u>BY JUNE 30, 2015:</u></p> <ul style="list-style-type: none"> a) Fine-tune the BCP based on the results from the testing exercises; and b) Develop new policies, if determined necessary.
2014-15 RESOURCES	Maintenance fees are estimated at \$90,000 annually.

Goal II – Risk Management

Project 9: New - Operational Best Practices

Duration: 2013-14 / 2014-15 / 2015-16

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

Project Participants: All Sections

Stakeholders: Retirees and beneficiaries, Board, LAFPP Management and Staff

PROJECT OBJECTIVE	To continuously research operational best practices in a variety of areas, determine feasibility, cost and value of implementing best practices and make recommendations to Executive Staff and/or the Board as appropriate to implement improvements.
PROJECT HISTORY	<p>Throughout the years, LAFPP has successfully implemented operational improvements based on staff innovation and also the best practices of other pension systems and public agencies. This project will be a multi-year effort for improvements throughout the Department. For FY 2013-14, staff will focus on:</p> <p>1) Performance Based Budgeting - In Fiscal Year 2012, City Council instructed the CAO, CLA & Controller’s Office to begin phasing in performance-based budgeting (PBB) and directed all City Departments to engage in this process in upcoming budget cycles (CF 11-1702-S1). PBB is a widely used budgeting approach to develop strategic plans and performance metrics with the rationale being that tracking quantifiable data can lead to better policy and resource decisions and improved accountability. In light of the City’s fiscal climate, Staff have already been changing budget strategies and using quantifiable data to better scrutinize budget requests.</p> <p>2) Annual Reports vs. the CAFR- LAFPP’s Communication & Special Projects Section currently prepares an Annual Report describing its annual operations and financial conditions. The Comprehensive Annual Financial Report (CAFR) is a similar type of report which is considered a best practice by the Government Financial Officers Association (GFOA). Many pension systems have implemented the CAFR but the Annual Report is a user-friendly document that Members may be more inclined to review. Staff will evaluate the benefits and costs associated with converting to a CAFR.</p> <p>3) Social Media Utilization - As we steer away from the mass printing of materials, it is necessary to create a resource of information that is engaging and will provide information that is on demand, real time & readily accessible to all our stakeholders. The Communications & Special Projects staff will evaluate a variety of channels such as blogs, microblogs, social networks and user forums to determine the effective tools that can be integrated into the current website & is efficient to monitor and maintain.</p> <p>4) Future projects may include: 1) IT Development Processes; 2) Disability Case Management; and 3) Posting of Board audio and video recordings to the website and live-streaming.</p>

Project 9: New - Operational Best Practices (Continued)

2013-14 DELIVERABLES	Survey other public agencies and pension systems regarding operational best practices; conduct research in order to review feasibility, value added and costs associated with implementation; make recommendations.
2013-14 DELIVERABLES	<p>1) Performance Based Budgeting BY DECEMBER 31, 2013 a) Completion of Best Practices Report on Performance Based Budgeting including surveying what other public pension systems and public agencies do and reviewing academic and literature on the subject. BY JUNE 30, 2014 a) Make recommendations to the General Manager and Executive Staff for future budget cycles and establish key resources and milestones.</p> <p>2) Annual Reports vs. the CAFR BY JUNE 30, 2014 a) Completion of Best Practices Report on Annual Report vs. CAFR including comparison of the two formats, resources required, cost benefit analysis and possible timeline for implementation.</p> <p>3) Social Media Utilization BY DECEMBER 31, 2013 a) Research other public pension systems to identify types of social media tools currently being used. b) Research social media policies that provide guidelines for areas such as access, content, limitations and maintenance. c) Research the costs for implementation and maintenance for use of various social media tools. BY JUNE 30, 2014 a) Develop a social media policy.</p>
2013-14 RESOURCES	No resources are required at this time but additional resources may be requested in the future.

Goal III – Communication & Stakeholder Relations

Project 10: NEW - Enhance Profile of LAFPP

Duration: 2013-14

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

Project Participants: Executive & Investment Division

Stakeholders: Board Members, Consultants & Trade Organizations

PROJECT OBJECTIVE	To increase outreach and participation with diversity organizations (NAA, NASP, AAAIM and NAIC) and organizations such as CALAPRS and NCPERS to enhance the presence of the Department within the minority and women-owned business community and trade organizations.
PROJECT HISTORY	The Board first adopted its Emerging Manager Policy in 1991 making it a pioneer in the emerging manager space. The policy has been revised multiple times. Since its inception, the Board has hired 16 emerging managers. Currently LAFPP utilizes four separate account managers and two Emerging Fund of Fund managers. In an effort to continue Board's Emerging Manager Program, the Ad Hoc Emerging Investment Managers Committee and Staff are in the process of developing a new policy to be applied as investment opportunities become available.
2013-14 DELIVERABLES	<ul style="list-style-type: none"> a) Work with the industry's diversity organizations to develop a dialogue and inform them of any investment opportunities that may be available to its members via postings to their web-sites or through member publications. b) Post investment opportunities on LAFPP's web-site (as appropriate). c) Advertise investment opportunities in Pension & Investments and other publications such as Emerging Manager Monthly (as appropriate). d) Consolidate the Board's Emerging Manager Policy into a single document that covers all assets classes rather than having Emerging Manager language in separate locations.
2013-14 MILESTONES	<p>BY JUNE 30, 2014: Attend additional diversity organization functions. Amend and consolidate the Board's Emerging Managers Policy to include the public equity, private equity, fixed income and real estate asset classes.</p>
2013-14 RESOURCES	No additional Staff resources are required.

Goal III – Communication & Stakeholder Relations

Project 11: NEW – Enhance Stakeholder Communications/Public Information Project

Duration: 2013-14

Project Lead: Communications & Special Projects

Project Participants: Systems Section, Executive Staff, All Sections

Stakeholders: LAFPP, Board, the City, Active and Retired Members

PROJECT OBJECTIVE	To research best practices of other public pension systems in regards to informing stakeholders of various Board actions and to advance the Department’s accomplishments. This may include utilizing press releases, website updates, and leveraging resources available through other stakeholders (i.e., Unions, Retired Association and Relief Associations).
PROJECT HISTORY	<p>The department currently uses newsletters, bulletins and the website to communicate newsworthy information to our stakeholders. Adding press releases creates direct-to-stakeholder communication and builds a solid online presence beyond our website as the content can be shared via blogs and social media. Effective media relations can best serve LAFPP by:</p> <ul style="list-style-type: none"> • promoting the Department’s achievements, activities and events of significance; • expanding the general visibility of LAFPP; • ensuring that accurate information is conveyed to the public regarding incidents and issues of a controversial and/or sensitive nature; and • informing the members of the services we provide
2013-14 DELIVERABLES	Develop a policy that provides guidance to manage the content and distribution of press releases.
2013-14 MILESTONES	<p><u>BY JUNE 30, 2014:</u></p> <p>a) Research press release policies and procedures of other public systems. b) Research methods of distribution for press releases.</p> <p><u>BY DECEMBER 31, 2014:</u></p> <p>a) Identify policies and procedures best-suited for LAFPP. b) Identify best distribution method(s) for LAFPP press releases.</p>
2013-14 RESOURCES	Existing staff and resources will be utilized.

Goal III – Communication & Stakeholder Relations

Project 12: NEW - Record Pre-Retirement Seminars and other Member Updates (Future Goal)

Duration: 2014-15

Project Lead: Communications & Special Projects

Project Participants: Systems, Information Technology Agency

Stakeholders: LAFPP Active

PROJECT OBJECTIVE	To produce seminars to members and post them on LAFPP’s website which could include pre-retirement seminars, member updates, and also <u>financial literacy education</u> .
PROJECT HISTORY	Currently, Staff spends a significant amount of resources developing multiple Pre-Retirement Seminars for its active members. They also spend a lot of time working with members and answering questions on a daily basis regarding retirement and other member updates. In order to better serve our Members, and to disseminate information more quickly in a format that can be viewed multiple times, Staff will research and investigate opportunities and strategies in order to produce videos that can be posted to our website.
2014-15 DELIVERABLE	To be determined during the 2014-15 Strategic Plan process.
2014-15 MILESTONE	To be determined during the 2014-15 Strategic Plan process.
2013-14 RESOURCES	To be determined during the 2014-15 Strategic Plan process.