

DEPARTMENT OF FIRE AND POLICE PENSIONS

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REPORT TO THE BOARD OF FIRE AND POLICE PENSION COMMISSIONERS

DATE: FEBRUARY 5, 2015 **ITEM:** B.4

FROM: RAYMOND P. CIRANNA, GENERAL MANAGER

SUBJECT: CONSIDERATION OF THE 2015-18 THREE YEAR STRATEGIC PLAN AND
POSSIBLE BOARD ACTION

RECOMMENDATION

That the Board:

1. Consider and approve the 2015-18 Three Year Strategic Plan, which includes the following elements: Vision, Mission, Values, Goals, Objectives and Strategic Initiatives (Attachment);
2. Direct Staff to return to the Board with a 2015-16 Business Plan on March 19, 2015 that includes Business Plan Projects that will help to achieve LAFPP Goals, Objectives and Strategic Initiatives.

DISCUSSION

On December 4, 2014, the Board and LAFPP managers engaged in a second strategic planning session facilitated by an outside consultant (Alta Mesa Group). This session provided an opportunity for the Board and managers to work together to review and revise our Mission Statement, Values, Goals, Objectives and Strategic Initiatives. At that meeting, staff were directed to return to the Board with a completed Strategic Plan for approval that would include all of these elements.

Mission Statement

During the session, the Board remarked that the current LAFPP Mission is very similar to the Los Angeles Police Department motto "*To Protect and to Serve*". Therefore, the Mission Statement language was revised to be more inclusive of our entire membership.

Current: *To advance the health and retirement security of those who dedicate their careers to serve and protect the people of Los Angeles.*

Proposed: *To advance the health and retirement security of those who dedicate their careers and risk their lives to protect the people of Los Angeles.*

Values

Values are defined as LAFPP guiding principles, beliefs and a Code of Behavior that form an important part of the foundation on which LAFPP staff and the Board operate. Staff had previously proposed six Values: *Accountability, Collaboration, Compassion, Dedication, Ethics and Transparency*. At the December 4th meeting, the Board and managers approved these Values in concept and asked that each of the Values be defined. The Board also asked that '*Efficiency*' be added as a Value to reflect our commitment to operational efficiencies.

Based on recent staff meetings to define these Values, staff now recommends adding '*Respect*' as a Value in-lieu of '*Compassion*' and '*Dedication*.' Staff believes '*Respect*' best encompasses how we treat each other, our members and stakeholders.

Current Values: *Not applicable; Values have not been codified previously.*

Proposed Values and Definitions:

- 1) *Accountability* – We recognize our responsibility to our members to deliver promised pension benefits. We ensure appropriate oversight to achieve excellence in service, operational and investment decision making.
- 2) *Collaboration* – We value teamwork to achieve success and encourage staff at all levels to share ideas and offer suggestions for improving operations. We are enriched by our engagement with the Board, our members and our stakeholders.
- 3) *Efficiency* – We continually search for ways to deliver quality services and reduce administrative expenses. We promote innovation throughout the organization and use performance measurement to drive decisions.
- 4) *Ethics* – We preserve the public trust by adhering to the ethical standards established by the State, the City, and our Board Policies.
- 5) *Respect* – We treat each other and our members with kindness and dignity. We promote a fair environment and support each other by sharing information and knowledge to ensure we deliver quality services.
- 6) *Transparency* – We strive to always provide clear, accurate and complete information and transact business decisions in an open manner so that our members, the City, and the public can trust that our decisions are fair, honest and ethical.

Goals, Objectives and Strategic Initiatives

At the December 4th session, the General Manager proposed an expansion of the primary goals from three to five to more fully capture the breadth of the longer-term "theme" and objectives of the Board. The General Manager also presented Objectives and Strategic Initiatives designed to help LAFPP meet its Goals. During this session, the Board and managers broke into groups to discuss these Goals, Objectives and Strategic Initiatives in greater detail and the results were presented to the full group. Based on these discussions, the Board and managers agreed to the five goals listed below with some minimal language revisions.

Current LAFPP Goals:

- 1) *Customer Service*
- 2) *Risk Management*
- 3) *Communications and Stakeholder Relations*

Proposed LAFPP Goals:

- 1) *Ensure a financially sound retirement system*
- 2) *Manage risk throughout the organization*
- 3) *Enhance customer service to our members*
- 4) *Pursue operational efficiencies*
- 5) *Enhance communication efforts and outreach*

Subsequent to the December 4th session, Executive staff met over several days and revised the Goal Objectives and Strategic Initiatives to incorporate comments from the break-out sessions, and consolidate and refine the language.

Also, Executive staff determined that some of the items initially labeled as Strategic Initiatives should be removed from the Strategic Plan as they reflected specific projects that were better suited for future Business Plans. Strategic Initiatives generally reflect high-level, aspirational statements that will guide the organization over the next several years. Conversely, the annual Business Plans will include specific, measurable projects to help us achieve our Strategic Goals, Objectives and Initiatives (Attachment).

BUDGET

LAFPP has incurred \$10,500 to date utilizing the Alta Mesa Group, inclusive of travel expenses. Budgetary impact of the 2015-16 Business Plan will be included in 2015-16 Budget to be presented to the Board on March 19, 2015.

POLICY

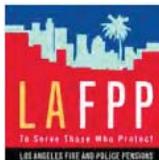
No policy changes are being recommended.

This report was prepared by:

Stephanie Clements, Chief Management Analyst
Administrative Operations Division

RPC:WSR:SHC

Attachment



LOS ANGELES FIRE & POLICE PENSIONS 2015-18 **THREE-YEAR STRATEGIC PLAN**

Vision

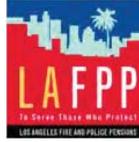
To be a leader and innovator in the public pension industry through an uncompromising dedication to excellence, customer service, transparency and education

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

Goals

1. Ensure a financially sound retirement system
2. Manage risk throughout the organization
3. Enhance customer service to our members
4. Pursue operational efficiencies
5. Enhance communication efforts and outreach



Values

- I) **Accountability** – We recognize our responsibility to our members to deliver promised pension benefits. We ensure appropriate oversight to achieve excellence in service, operational and investment decision making.
- II) **Collaboration** – We value teamwork to achieve success and encourage staff at all levels to share ideas and offer suggestions for improving operations. We are enriched by our engagement with the Board, our members and our stakeholders.
- III) **Efficiency** - We continually search for ways to deliver quality services and reduce administrative expenses. We promote innovation throughout the organization and use performance measurement to drive decisions.
- IV) **Ethics** – We preserve the public trust by adhering to the ethical standards established by the State, the City, and our Board Policies.
- V) **Respect** - We treat each other and our members with kindness and dignity. We promote a fair environment and support each other by sharing information and knowledge to ensure we deliver quality services.
- VI) **Transparency** – We strive to always provide clear, accurate and complete information and transact business decisions in an open manner so that our members, the City, and the public can trust that our decisions are fair, honest and ethical.

Goals, Objectives and Strategic Initiatives

Goal 1: Ensure a Financially Sound Retirement System

Objective

- Achieve our long-term investment performance targets.

Strategic Initiatives

- a) Employ prudent risk-adjusted asset allocation strategies, measure portfolio performance against the appropriate benchmark(s) and take action when investment objectives are not met.
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Objective

- Pursue funding policies and strategies that fund our member benefits.

Strategic Initiatives

- a) Adopt sound actuarial policies and assumptions that balance the goals of: 1) keeping contributions relatively stable; 2) equitably allocating the cost of benefits over the member's period of actual service; and 3) achieving long-term full funding of the cost of benefits over time; and
 - b) Explore local and sustainable investment opportunities that complement our portfolio objectives and comply with our investment goals concerning risk, return and diversification.
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Goal 2: Manage Risk Throughout the Organization

Objective

- Maintain & promote a culture of risk awareness with an enterprise-wide view.

Strategic Initiative

- a) Develop a top-down risk-intelligent culture that proactively identifies and acts to manage risk exposure, through enhanced governance, Board and staff training, and collaboration with stakeholders.
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Objective

- Actively monitor systems and processes to reduce or minimize risk.

Strategic Initiative

- a) Assess and test our systems and processes through periodic audits, risk assessments and technology to help mitigate and minimize risk in our organization.
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Goal 3: Enhance Customer Service to our Members

Objective

- Deliver superior customer service that is adaptive to our member needs.

Strategic Initiatives

- a) Research and implement technology solutions to upgrade our business processes to better serve our members;
 - b) Expand educational opportunities to our members regarding their benefits and our services so that they can make informed decisions about retirement security and health care; and
 - c) Enhance member access to information regarding the cost of health care options and alternative methods of service delivery.
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Goal 4: Pursue Operational Efficiencies

Objective

- Implement industry best practices for continuous improvement.

Strategic Initiative

- a) Research, identify and pursue best practice opportunities throughout the organization.
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Objective

- Foster a “team approach” or culture of collaboration within and outside the Department to facilitate innovation.

Strategic Initiative

- a) Increase team engagement and encourage ideas and suggestions from the Board, employees and stakeholders to improve knowledge and communications.
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Objective

- Ensure staff is provided the necessary support and tools for success.

Strategic Initiative

- a) Develop and implement a comprehensive strategy that includes employee development, recruitment, retention, and succession planning.
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Goal 5: Enhance Communication Efforts and Outreach

Objective

- Enhance our communication to members, the City, and the public regarding our Plan.

Strategic Initiative

- a) Provide members, the City, and the public with thorough and timely information utilizing a range of communication methods to help promote our system and build good relations with our stakeholders; and
- b) Strengthen relationships and enhance interactions with the Police, Harbor and Fire Departments, along with other City agencies, employee unions and retiree associations.

Objective

- Promote LAFPP's Emerging Manager Program as a leader in the pension industry

Strategic Initiatives

- a) Continue building and elevating the profile of our LAFPP Emerging Manager Program.
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