



**REPORT TO BOARD OF ADMINISTRATION**  
**From: Neil M. Guglielmo, General Manager**

**MEETING: AUGUST 23, 2022**  
**ITEM: V – B**

*Neil M. Guglielmo*

**SUBJECT: FISCAL YEAR-END REPORT OF BUSINESS PLAN INITIATIVES FOR THE PERIOD ENDING JUNE 30, 2022**

ACTION:  CLOSED:  CONSENT:  RECEIVE & FILE:

**Recommendation**

That the Board receive and file this report.

**Executive Summary**

The LACERS Strategic Plan is achieved through various Board sponsored initiatives that move the organization toward established strategic goals. Highlights of the annual achievements under each goal is provided within this report, and the attached Business Plan Initiative (BPI) report details the year-end status of six initiatives adopted into the Business Plan for Fiscal Year 2021-22 (FY 22). One sub-initiative under the City Separation Incentive Program is complete, four BPIs from FY22 continue into FY23, while two new BPIs are added: Governance and Knowledge Transfer. Two initiatives are ongoing but will not continue as BPIs as they near fruition.

Business Plan Initiatives	
FY2021-22	FY2022-23
<ul style="list-style-type: none"> <li>• Member Experience – <b>continuing in FY23</b></li> <li>• Mobile Workforce</li> <li>• City Separation Incentive Program (CSIP):               <ul style="list-style-type: none"> <li>○ Audit and Evaluation</li> <li>○ Service Purchase Case Backlog - <b>completed</b></li> </ul> </li> <li>• Diversity, Equity, and Inclusion (DEI) - <b>continuing as Workforce Diversity, Equity, and Inclusion in FY23</b></li> <li>• Headquarters Move – <b>continuing in FY23</b></li> <li>• Environmental, Social, and Governance (ESG) Investing – <b>continuing in FY23</b></li> </ul>	<ul style="list-style-type: none"> <li>• Member Experience</li> <li>• Headquarters Move</li> <li>• Environmental, Social, and Governance Investing</li> <li>• Workforce Diversity, Equity, and Inclusion</li> <li>• Governance</li> <li>• Knowledge Transfer</li> </ul>

## **Discussion**

LACERS FY22 BPIs and accomplishments, along with introduction of the FY23 BPIs, are all discussed herein.

### **Business Plan Initiatives and Achievements for Fiscal Year 2021-22**

The long-term impact of COVID remains uncertain; however, LACERS continues to embrace the challenge of change as demonstrated through significant progress and success outlined in the FY22 BPIs.

#### **Headquarters/Mobile Workforce**

The pandemic shifted our work environment to a virtual space, highlighting the need to strengthen our information security and mobile computing environment. LACERS has successfully collaborated with the City in implementing cybersecurity software, strengthening our Information Technology (IT) infrastructure, and further protecting and advancing the computing and mobile environment at the new Headquarters (HQ). While technology infrastructure progresses, the HQ Project build-out is at nearly 70% completed. LACERS is focused on the remaining tenant improvement work and anticipated migration of staff from LA Times to the new HQ by December 2022.

#### **Separation Incentive Program/Service Purchases**

The CSIP initiative closes out, focusing on SIP audit and evaluation and the service purchase case backlogs. In December 2021, the Separation Incentive Program retired the final group, 80 participants from the Port of Los Angeles under the Harbor Separation Incentive Program (HSIP), with a total of 1,785 retired employees under SIP. Evaluation of the SIP process identified areas of improvement while the service purchase case backlog proved successful, resulting in reduced backlog and processing time. However, due to funding and personnel hiring constraints, the SIP audit could not proceed but will commence in FY23 as funding and hiring obstacles have been removed.

#### **Member Experience**

While LACERS has resumed limited in-person services, LACERS strives to enhance the Member experience and outreach by offering one-on-one video counseling. In addition to providing a user-friendly website, the launch of the Retirement Application Portal (RAP) in the Summer of 2021 provided Members with on-line options and capabilities for processing retirement applications, with 70% of eligible applicants utilizing the RAP to retire since inception.

#### **Diversity Equity, and Inclusion**

Aligning with our strategic goal in recruiting, mentoring, and promoting a high performing workforce, LACERS initiated efforts to implement Diversity, Equity, and Inclusion (DEI) strategies. LACERS partnered with a professor-led graduate student group from Cal State Los Angeles to provide information on these strategies in the workplace. Ongoing goals include DEI training and a designated manager to oversee future initiatives.

#### **Environmental, Social, and Governance**

In 2019, LACERS became a signatory of the Principles of Responsible Investment (PRI) and has since been committed to incorporating environmental, social, and governance (ESG) factors into investment decisions and the investment process. Earlier this year, the Board approved LACERS' Responsible

Investment Policy, designed to align with the broader mission and goals of the PRI organization and support the six PRI principles. The ESG initiative continues to make significant strides as we continue advancing the implementation of LACERS ESG Programs.

The year-end report on the six Business Plan Initiatives for FY22 is attached.

#### Other LACERS Goals Accomplishments

Highlights of other department accomplishments toward LACERS Strategic Goals include:

##### *Outstanding Customer Service*

- Produced and posted 50 videos on the LACERS YouTube channel and gained 1,402 subscribers, exceeding goal of 1,300 subscribers.
- Enhanced Member services through use of newly implemented video counseling.
- Launched new webinars for Legal Processing Unit and Disability.
- Resumption of partial limited in-person meetings with Members.
- Launch of the Retirement Application Portal (RAP) providing a convenient, on-line option for Members filing for retirement.

##### *Accurate and Timely Delivery of Benefits*

- Reduced processing wait time for all service buyback applications by more than 58%.
- Reduced service buyback case backlog by 19%.
- Processed 685 Service Retirements and 100 Vested Retirements.
- Processed 4 disability retirement and benefits for 850 deaths.
- Completed the Separation Incentive Programs (SIP). Retired a total of 1,785 employees under SIP, including 80 Harbor employees.
- On-time benefit payroll set-up rates for SIP: CSIP 95%; LSIP 94%

##### *Value Health and Wellness Benefits*

- Reached 2,071 participants in the Wellness Program, exceeding baseline target by 46%.
- Health Premium Savings Historical Cost Trend: 3-year average Assumed Actuarial Trend Rate (AAMTR) at 6.83% versus LACERS at -0.31%
- In 2022, realized \$8.5 million in negotiated savings from the preliminary renewal rates.
- Completed the transition from Anthem PPO/Medicare Supplement Plan to the Anthem PPO/Medicare Preferred PPO (Medicare Advantage) Plan impacting approximately 4,700 Members with anticipated savings of \$4.5 million in 2022 and expanded benefits available to enrolled plan subscribers.
- Completed transition of the Full Insurance to Self-Funding Program Anthem Blue View Vision, impacting approximately 6,900 members with no change in benefits, resulting in an estimated 4.9% annual cost savings.
- Increased the 2022 Delta Dental PPO Annual Out-of-Pocket maximum from \$2,000 to \$2,500 for In-network and from \$1,250 to \$1,750 for Out-of-network services without increasing the premium.
- Switching the Delta Dental PPO from a fully-insured plan to a self-funded plan in 2019 has resulted in LACERS retaining approximately \$4.6 million in surplus premiums. Prior to 2019 Delta Dental retained all surplus premiums.

- Completed a robust RFP for Health Plan Consulting Services.

#### *Superior Investments*

- Hosted two Emerging Investment Manager Symposiums in the Fall of 2021 and Spring of 2022, providing an opportunity for emerging managers to meet with Board and staff to discuss the LACERS Emerging Investment Program.
- Approved multi-year Principles for Responsible Investment (PRI) Action Plan in July 2021 outlining the six PRI principles to be integrated into the LACERS investment program for the current and next fiscal years.
- Board Approved staff recommended revisions to Proxy Voting Policy on April 2022, to address the most current and common ESG issues being raised by shareholders in the 2022 proxy voting season.

#### *Good Governance*

- Completed Health Insurance Portability and Accountability Act (HIPAA) audit/review with City Attorney's office that demonstrated LACERS' current policies and procedures comply with the regulatory requirements of HIPAA.
- Completed the City's Management Audit which found that LACERS is generally operating in an efficient and effective manner and highlighted many positive aspects relating to LACERS operations; proposing a total of ten recommendations, a significant improvement over the last two Management Audits.

#### *Organizational Effectiveness, Efficiency, and Resiliency*

- Continued to mature LACERS cyber security program to mitigate outside threats.
- Continued construction of LACERS' permanent headquarters facility, a long-term strategic asset of the Plan; construction completion and move in of LACERS staff is estimated for December 2022.
- Launched a Performance Management Office for organization wide initiatives.
- Submitted LACERS' ESG Risk Framework for the PRI Awards 2022 ESG Incorporation Initiative.

#### *High-Performing Workforce*

- Hired 5 employees from the Targeted Local Hire Program this year for a total of 23 since program inception and 6 employees from Bridge to Jobs.
- Increased the number of education seminars and engagement sessions held by 23%.
- Scoped and secured LACERS Learning Management System for staff training and advanced education.
- Launched LACERS Diversity, Equity & Inclusion (DEI) Initiative to ensure a fair and equitable workplace.

### **Business Plan Initiatives for Fiscal Year 2022-23**

In the current Fiscal Year 2022-23, six major initiatives were established, and work has started on all initiatives as further described below.

### Member Experience

The initiative additionally focuses on identifying which services Members value the most and implementing innovative solutions to further improve those services. LACERS continues to improve the Member experience by enhancing functionality to the Retirement Application Portal for Tier 1 Members.

### Headquarters Move

The Headquarters Move initiative continues preparation for staff occupancy. Permitting delays and supply-chain constraints extended the project completion schedule, however LACERS and the Headquarters project team are actively working to ensure a successful transition with an anticipated move date to the new Headquarters by December 2022.

### Environmental, Social, and Governance Investing

LACERS continues to evaluate its ESG Program in accordance with its Responsible Investment Policy and the ESG Risk Framework and PRI Action Plan, which are strategic and operational roadmaps based on the six Principles of Responsible Investment. Priorities include reviewing Proxy Voting Activity, addressing specific ESG-related matters, and evaluating ESG Analytical tools for informed decision-making.

### Workplace Diversity, Equity, Inclusion

LACERS expands on the DEI initiative to foster employee development, promote equity in opportunity, and strengthen cross-divisional relationships in the workplace. LACERS seeks to implement a new learning management system and launch a new intranet toward this objective.

### Governance

To reaffirm LACERS mission, vision, values, and goals are aligned, this initiative will focus on strategic planning and Board Policies Review. In addition, a LACERS and retirement industry-focused Pension Symposium is planned in Winter of 2023 to provide information and transparency for the Board and the public.

### Knowledge Transfer

Institutional knowledge is a valuable resource. Benefits Operations are reliant on knowledge workers. In the next five years, many senior and key Benefits Operations Staff will be eligible for retirement. This initiative seeks to implement a succession plan to help new staff develop skills and knowledge in preparing for leadership roles.

A semi-annual report on the progress of these BPIs will be provided in January/February 2023.

## **Strategic Plan Impact Statement**

The BPI Program seeks to enhance the Strategic Plan Goal of greater organizational effectiveness, efficiency, and resiliency.

Prepared By: Chhintana Kurimoto, Management Analyst

NMG/TB/CK

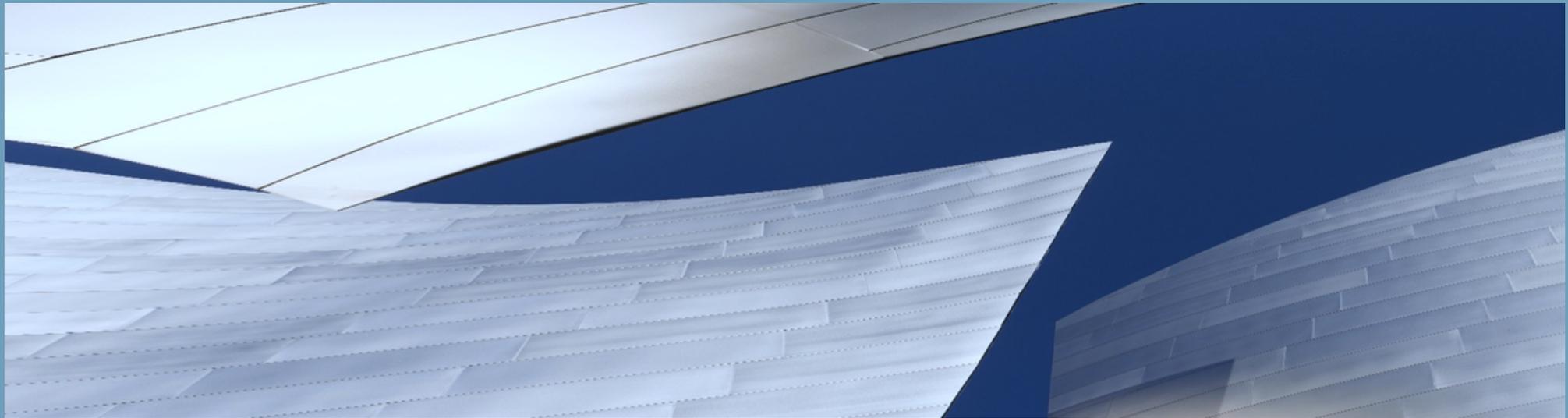
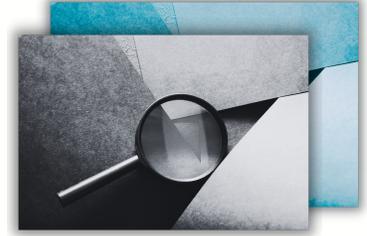
Attachment: Fiscal Year-End Report of Business Plan Initiatives Fiscal Year 2021-22 for the reporting period ending June 30, 2022

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# BUSINESS PLAN INITIATIVES

**BOARD** Meeting: 08/23/22  
Item V – B  
Attachment 1



FISCAL YEAR-END REPORT OF BUSINESS PLAN INITIATIVES FOR THE PERIOD ENDING  
JUNE 30, 2022

# TABLE OF CONTENTS

- 01 LACERS GOALS**
- 02 EXECUTIVE SUMMARY DASHBOARD**
- 03 BUSINESS PLAN INITIATIVE DASHBOARDS**
  - 03 Member Experience**
  - 05 Mobile Workforce**
  - 08 Headquarters Move**
  - 10 City Separation Incentive Program**
    - **Audit and Evaluation**
    - **Service Purchase Backlog**
  - 15 Environmental, Social, and Governance Investing**
  - 17 Diversity, Equity, and Inclusion**
- 19 APPENDIX A – BUSINESS PLAN INITIATIVE TEMPLATE**

# LACERS GOALS

- **OUTSTANDING CUSTOMER SERVICE**
- **ACCURATE AND TIMELY DELIVERY OF MEMBER BENEFITS**
- **IMPROVE VALUE AND MINIMIZE COSTS OF OUR HEALTH AND WELLNESS PROGRAM**
- **OPTIMIZE LONG-TERM RISK ADJUSTED RETURNS THROUGH SUPERIOR INVESTMENTS**
- **GOVERNANCE PRACTICES WHICH AFFIRM TRANSPARENCY, ACCOUNTABILITY, AND FIDUCIARY DUTY**
- **INCREASE ORGANIZATIONAL EFFECTIVENESS, EFFICIENCY, AND RESILIENCY**
- **RECRUIT, RETAIN, MENTOR, EMPOWER, AND PROMOTE A HIGH PERFORMING WORKFORCE**

# EXECUTIVE SUMMARY DASHBOARD

	COMPLETED
	ON-TRACK
	OFF-TARGET
	NEEDS INTERVENTION



INITIATIVES	GOALS	JUNE STATUS	EXECUTIVE SPONSORS	INITIATIVE LEADS
1 <b>MEMBER EXPERIENCE</b>	Customer Service; Accurate & Timely Delivery of Benefits; Organizational Effectiveness, Efficiency, & Resiliency		Dale Wong-Nguyen	Heather Ramirez, Vanessa Lopez, Gabriel Perez, & Nathan Herkelrath
2 <b>MOBILE WORKFORCE</b>	Organizational Effectiveness, Efficiency, & Resiliency		Todd Bouey	Thomas Ma & Jason Leung
3 <b>HEADQUARTERS MOVE</b>	Customer Service; Accurate & Timely Delivery of Benefits; Organizational Effectiveness, Efficiency, & Resiliency		Todd Bouey	Isaias Cantú & Horacio Arroyo
4 <b>CITY SEPARATION INCENTIVE PROGRAM</b>	Accurate & Timely Delivery of Benefits; Organizational Effectiveness, Efficiency, & Resiliency		Dale Wong-Nguyen	Ferralyn Sneed, Edeliza Fang, Delia Hernandez, & Lourdes Quintos
5 <b>ENVIRONMENTAL, SOCIAL, AND GOVERNANCE INVESTING</b>	Optimize Long-Term Risk Adjusted Returns Through Superior Investments		Rod June	Bryan Fujita & Ellen Chen
6 <b>DIVERSITY, EQUITY, AND INCLUSION</b>	Organizational Effectiveness, Efficiency, & Resiliency; Recruit, Retain, Mentor, & Empower Workforce		Neil Guglielmo	Tiffany Obembe & Eduardo Park

INITIATIVE: **MEMBER EXPERIENCE**  
 DIVISION(S)/SECTIONS: **MEMBER SERVICES TEAM**  
 STRATEGIC GOAL(S): **CUSTOMER SERVICE, BENEFITS DELIVERY, AND ORGANIZATIONAL EFFECTIVENESS, EFFICIENCY, & RESILIENCY**

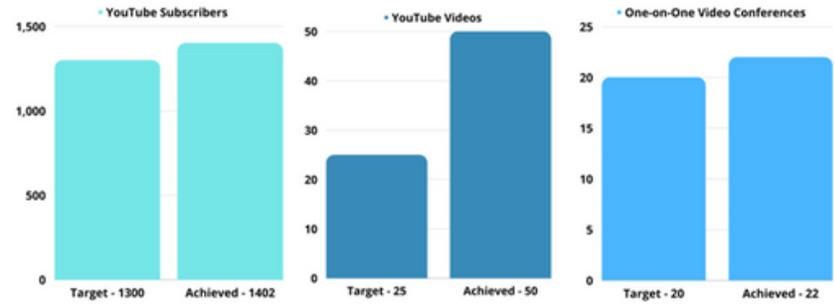
STATUS: **ON-TRACK**  
 REPORT MONTH: **June 2022**  
 LEAD(S): **HEATHER RAMIREZ, VANESSA LOPEZ, GABRIEL PEREZ, NATHAN HERKELRATH**

**INITIATIVE SUMMARY**

Increase Member communication channels and web-based service options via:

- Produce and Post Videos
- One-On-One Video Conferencing
- Online Retirement Application Portal (RAP)

**KEY INDICATORS**



**BUDGET**

Appropriation:	\$56,000
Expense:	\$41,596
Unspent:	\$14,404

**RISKS/MITIGATION**

Risks	Description	Mitigation Address	Status
Cost	Need to secure funding so that the RAP project can go forward	A FYE 23 budget request was approved for RAP phase number 2	On Track
Schedule	Need to secure buy-in from all parties involved to meet deadlines proposed and implement the projects	Meeting for One-On-One video conferencing was held and procedures were written	On Track
Competing Priorities	Other parties may have competing priorities such as health and retirement processing that may cause delays	Continue to convey the importance of these projects during scheduled meetings	On Track

**MILESTONES/DELIVERABLES**

	Q1	Q2	Q3	Q4
Secure Funding for RAP Project	Gathering requirements for budget request	Submitted FYE 23 budget request	Received FY23 Budget approval	N/A
Zoom Government Licenses	In process to acquire Zoom for Government Licenses	Acquired Zoom for Government Licenses and assigned them to units	N/A	N/A
One-On-One Video Conferencing Procedures	Pending Zoom for Government Licenses	Three month trial period to test Zoom for Government Licenses	Begin writing procedures	Exceeded goal of 20 conference sessions held with 22 reported
YouTube Subscriber Count to reach 1300	On track	On track with 1,200 subscribers	Reached goal of 1,300 subscribers	Reached 1,402 subscribers.
Member Engagement Team will have uploaded 25 YouTube videos	On track	Reached Goal of 25 uploaded videos	Continued to upload more videos to YouTube	Uploaded a total of 50 videos to YouTube for FY22

# July 2021 – June 2022

## SUMMARY

### MEMBER EXPERIENCE

#### ACCOMPLISHMENTS

Produced and posted 50 videos on the LACERS YouTube channel, which exceeded the goal of 25 for the fiscal year.

Additionally, we exceeded our subscriber goal of 1,300 and have reached 1,402 YouTube subscribers.

We encourage Members to subscribe via eblasts, paycheck flyers, newsletters, seminars, events, and targeted campaigns, including single topic virtual sessions (Disability Retirement Unit and Legal Processing Unit).

Video conferencing meetings with Members were launched this fiscal year in a continued effort to provide Members with additional ways to access our services. A total of 22 one-on-one video conferencing meetings were reported across the department for the fiscal year, exceeding our goal of 20 in FY22. The Zoom for government licenses were procured in fall 2021 and provided to various units for a three-month test period to try out one-on-one video conferencing options and the teams met in February to discuss. The findings showed that the meetings were positive and helpful to both LACERS staff and Members as the virtual meetings allow a visual component to help communicate information; it's the notion of show and tell. A department-wide video conferencing procedure was approved in June 2022.

The Retirement Application Portal officially launched in Summer 2021 for Active Tier 1 Members. By the end of the fiscal year, approximately 70% of applicants eligible to use the RAP have used it to retire.

Limited funding for phase 2 has been approved for next fiscal year's budget. While waiting for the funding to become available, the team gathered requirements for phase 2.

#### CHALLENGES & OPPORTUNITIES

The deliverables for this initiative were completed on time.

There was insufficient funding available mid-year to commence the retirement application portal project phase 2 to implement reporting features for the admin console and programming for deferred vested, Tier 1 Enhanced, and Tier 3 Members among other requested functionality.

#### NEXT STEPS

For fiscal year 2022–23, a budget appropriation was provided for a reduced scope of work for phase 2. Phase 2 will include components to improve functionality for Tier 1 Members. The project is expected to take approximately six months of development and testing and then another six months for training, fixes, and maintenance.

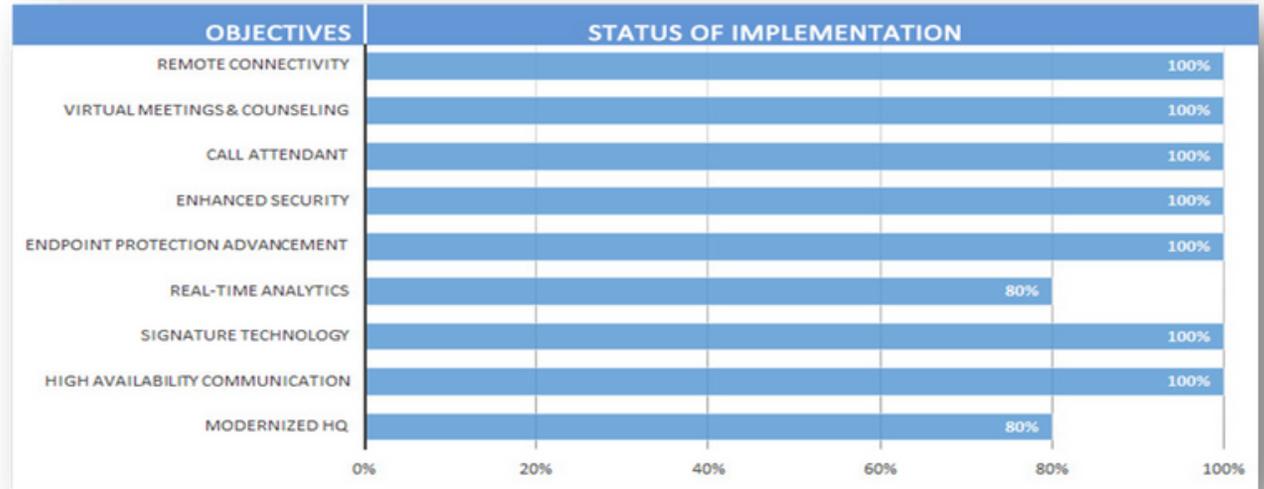
The additional functionality to make the Retirement Application Portal available to Tier 1 deferred vested, Tier 1 Enhanced, and Tier 3 Members will be included in a future budget request.

**INITIATIVE SUMMARY**

Implement remote work solutions deploying mobile equipment and cloud services to maximize operational productivity without requiring physical in-office presence. For FY22, LACERS shall focus on activities related to endpoint security, real-time analytics, and headquarter modernizations which include key priorities as listed.

- Secured Remote Access to Enterprise Systems
- Cost-Efficiency & Reduction of Physical Footprint
- Productive Counseling & Meeting Conferences
- Real-Time Statistics & Operational Health
- Modernized Building & Mobility
- High Availability of Collaboration & Communication Tools

**KEY INDICATORS**



**BUDGET**

Appropriation:	\$918,951
Expense:	\$887,451
Unspent:	\$31,500

**RISKS/MITIGATION**

Risks	Description	Mitigation Address	Status
Funding Availability	Costs related to computing equipment and services.	Establish budget, based on vendor proposals.	Green
Cybersecurity	Safeguard measures for remote workers environment.	Policies, procedures, communication, training.	Yellow
Cloud Support	Cloud-based platform and related learning curve.	Provide tech support, and guidance on use.	Green
Network Bandwidth	Connectivity and bandwidth for new infrastructure.	Assess needs, negotiate, and deploy services.	Green
Equipment	Logistics of mobile equipment, software, and services.	Prepare plan, procure early 90-day lead time.	Green
Project & Resources	New projects, aligned with existing resources.	Develop plan, overlay schedule to maximize.	Green
HQ Timeline	Plan, demolition, and construction of mobile facilities.	Establish options to accommodate changes.	Yellow

**MILESTONES/DELIVERABLES**

	Q1	Q2	Q3	Q4
Real Time Analytics	Infrastructure	Business Requirements	Contract & SOW	Design
Endpoint Security for Hybrid Workforce	Kickoff & Requirements	Setup & Configure	Deployment	
Headquarter Mobility	Design	Build-Out	Build-Out	Pre-migration

# July 2021 – June 2022

## SUMMARY

### MOBILE WORKFORCE

#### ACCOMPLISHMENTS

LACERS has accomplished significant milestones as related to “Mobile Workforce” throughout the fiscal year. These achievements expand productivity and further protect the computing environment at the new Headquarters (HQ).

#### Q3-Q4/FY22 – Carbon Black, Deploy Completion

Early in the fiscal year, LACERS collaborated with LA City on deployment of the cybersecurity endpoint software, Carbon Black. Mainly, the software is purpose-built to protect from malware and ransomware attacks for mobile users. During the month of May 2022, LACERS completed deployment comprised of over four hundred (400+) endpoint computing machines such as laptops, workstations, and virtual desktops.

#### Q3-Q4/FY22 – Real Time Analytics, Contract

LACERS established contractual services with Insight on March 2022, as related to redesign efforts of the central repository and real time analytics. Primarily, the redesign efforts will provide advance capabilities in accessing dashboards and charts through mobile platforms.

At the later months of the fiscal year, LACERS and Insight held a kick-off meeting in establishing the schedule, resources, inclusive of the communication plan. During the fourth quarter, the achievements include infrastructure assessment, and design verification.

#### Q3-Q4/FY22 – HQ, Equipment & Connectivity

LACERS received most equipment during the third quarter of the fiscal year. The equipment are essential for build-out of the computing network for mobility infrastructure.

Throughout the fourth quarter, LACERS and vendors completed setup of the computing network within the security room, providing Internet connectivity and point-to-point access between the current and new headquarter, inclusive of LA City services.

#### Expectations

The milestones achieved this fiscal year met expectations of maximizing use of mobile solutions, while ensuring necessary security. LACERS has deployed leading-edge cybersecurity technology to protect our mobile environment, and has built out solutions to advance our mobility at the new headquarter.

#### Challenges & Opportunities

#### Challenges – HQ, Supply Chain Issue – Q3-Q4/FY22

In the first half of the calendar year, LACERS has received over ninety percent (90%) of computing equipment from our technology vendor. Primarily, LACERS procured the equipment early in the fiscal year, to ensure timely delivery. The supply chain continues to face major challenges, in which the vendor has recently announced significant delay for the remaining components.

LACERS and the technology vendor are considering various options to mitigate delays in build-out of the technology infrastructure, as related to the supply chain. The many options include redesign of the network, repurpose equipment, or engage in an equipment loan program.

#### Challenges – Real Time Analytic, Scope – Q4/FY22

LACERS and contractor have established the scope of work, in redesign of our central repository databases, and build-out of real-time data analytics. The scope is continuous and shall encompass a majority of data and information from our technology platforms.

Strategically, LACERS intends to build-out the framework with our vendor, and develop a template of data connections inclusive of user interfaces. Thereafter, LACERS shall leverage this process to include additional business systems with information such as human resource, payroll, budget, and others.

#### Opportunities – HQ, High Bandwidth

LACERS build-out of the new HQ with mobility infrastructure is going very well. The technology prepares the department for secured wireless capabilities, alongside high bandwidth cabling. In near term, LACERS would be able to utilize these features, and consolidate equipment and services, while reducing associated costs in maximizing efficiency alongside effectiveness.

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# July 2021 - June 2022

## SUMMARY

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### MOBILE WORKFORCE

#### Strategic Goals

For this fiscal year, the “Mobile Workforce” initiative has strengthened our strategic goal, Goal 6 – Organization. The department benefits from technologies that protect our information assets, and modernizing our work offices with mobile capabilities, alongside tools for efficient decision-making process.

#### Next Steps

LACERS will complete build-out of mobility solutions at the new headquarter, and deploy the real-time analytic system. Thereafter, the department shall continue to maintain and support the mobile technologies, as we transition to the new headquarter.

#### HQ, Final Phase

LACERS and technology vendor shall complete deployment of mobility infrastructure in near term. Primarily, the scope of work inclusive of design efforts are already completed, and the final work effort is installation-related. The activities are comprised of completing technology infrastructure as related to audio visual, access control, asset tracking, cabling, mass communication, and surveillance.

### INITIATIVE SUMMARY

The Headquarters (HQ) Move initiative seeks to relocate LACERS to its new home at 977 N Broadway. With construction underway, the project involves consultants, contractors, and key LACERS representatives that work together to build LACERS' new home for staff and Members.

### BUDGET

Appropriation:	\$21,415,441
Expenses:	\$12,247,728
Unspent:	\$9,167,713

### KEY INDICATORS

					
STRUCTURAL AND EXTERIOR WORK	TENANT IMPROV. WORK	INSTALL NETWORK INFRASTRUCTURE	MOVE BY JUNE 30, 2022	CLOSE OUT LAT BY JUNE 30, 2022	ACHIEVE FITWEL CERTIFICATION
COMPLETE	In Process; 70% complete	In Process; 20% complete	Delayed until Dec. 2022	Postponed until Mar. 2023	In Process; 40% complete

### RISKS/MITIGATION

Risks	Description	Mitigation Address	Status
Increased Costs	Ongoing supply chain constraints which continue to inflate costs	Purchase materials with longer lead times; increased contingency	Some delays
Supply Constraints	Supply chain constraints have created a high demand for materials with long lead times	Work with consultants to secure purchase order earlier and with longer lead-times	Some delays
Permitting Delays	Longer than expected delays on permitting processing with LADBS, LAFD, AQMD, and others	Open lines of communication with City counterparts, anticipate delays in schedules	Major delays
LA Times (LAT) Close Out	Limited GSD operations for Salvaging and Move Request; possible delays with moving, scanning, and close out.	Increased office support, earlier launch of Movers RFP, archiving support from City Clerk	Some delays

### MILESTONES/DELIVERABLES

	Q1	Q2	Q3	Q4
Onboard General Contractor and all discipline sub-contractors	<ul style="list-style-type: none"> <li>GC contract complete</li> <li>Signed initial pre-construction contracts</li> </ul>			
Make-Ready and Early Demolition Complete	<ul style="list-style-type: none"> <li>Begin demolition as-needed for future Tenant Improvements.</li> </ul>	<ul style="list-style-type: none"> <li>Make a 977 a Hard-Hat Construction site</li> <li>Prepare for construction</li> </ul>		
Seismic Strengthening	<ul style="list-style-type: none"> <li>Seismic work initiated on all 5 levels</li> <li>Improvements to elevator shafts begins</li> </ul>	<ul style="list-style-type: none"> <li>Structural columns work 90% complete</li> </ul>	<ul style="list-style-type: none"> <li>Seismic Strengthening Complete</li> </ul>	
Asbestos Remediation Complete	<ul style="list-style-type: none"> <li>Consultant secured</li> </ul>		<ul style="list-style-type: none"> <li>Begin ACM remediation by 2/1/2022</li> </ul>	<ul style="list-style-type: none"> <li>ACM remedied by 5/1/2022</li> </ul>
Roof Replacement	<ul style="list-style-type: none"> <li>Bid scope released</li> </ul>	<ul style="list-style-type: none"> <li>Material goods ordered</li> </ul>	<ul style="list-style-type: none"> <li>Material delayed</li> </ul>	<ul style="list-style-type: none"> <li>Material delayed</li> </ul>
Complete Tenant Improvement Work	<ul style="list-style-type: none"> <li>Early construction and demolition</li> </ul>	<ul style="list-style-type: none"> <li>Secure Permits (delayed)</li> </ul>	<ul style="list-style-type: none"> <li>First Floor permit delayed</li> </ul>	<ul style="list-style-type: none"> <li>First Floor permit delayed</li> </ul>
Building Furnished	<ul style="list-style-type: none"> <li>Furniture contract finalized</li> <li>Design process begins</li> </ul>	<ul style="list-style-type: none"> <li>Furniture order placed</li> </ul>	<ul style="list-style-type: none"> <li>Furniture order processed; pending T.I. completion</li> </ul>	<ul style="list-style-type: none"> <li>Furniture order processed; pending T.I. completion</li> </ul>
Move LACERS Staff and Operations	<ul style="list-style-type: none"> <li>Initial walk thru with potential vendor(s)</li> </ul>	<ul style="list-style-type: none"> <li>Released Moving Services RFP</li> </ul>	<ul style="list-style-type: none"> <li>Finalize scope w/ vendor</li> </ul>	<ul style="list-style-type: none"> <li>Finalize vendor contract</li> </ul>
FitWel Certification	<ul style="list-style-type: none"> <li>Initiate FitWel process</li> </ul>	<ul style="list-style-type: none"> <li>Meet with FitWel consultants</li> <li>Establish 3-Star criteria</li> </ul>	<ul style="list-style-type: none"> <li>Submit checklist documents for evaluation</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing evaluation, inspection delayed</li> </ul>

# July 2021 – June 2022

## SUMMARY

### HEADQUARTERS MOVE – PHASE 3

#### ACCOMPLISHMENTS

The HQ Move Project made significant progress in the second half of FY21/22 (FY22), including completing the seismic reinforcement, renovation of the exterior façade, and tenant improvement construction. As of June 30, 2022, the HQ Project Build-out was at nearly 70%.

This progress includes structural reinforcement work which entailed making significant improvements to the building's columns, shafts, and ceilings to allow the building to withstand a large 6.8 magnitude earthquake. This improvement is pivotal to ensuring the building has a good strong set of bones to support LACERS' home for decades to come.

The exterior building envelope was also completed during the second half of FY22. LACERS' home has seen significant repairs to the external building curtain wall which previously suffered from leaks, deteriorated caulking, and degraded exterior panels. Now, the building's façade features an improved look with new colors that complement our new neighborhood. As part of our exterior work, LACERS' consultants also completed the asbestos abatement work which complied with all the necessary health and safety requirements for proper removal and disposal. With most of the exterior building enclosure being completed, the scaffolding removal process has now begun and is expected for completion in mid July.

Work on the interior improvements and technology infrastructure continues to progress at a steady pace. The Server Room buildout was largely completed during FY22 with the installation of new server rack equipment and cooling infrastructure. Electrical and data cabling runs were also largely completed with the exception of the Board Room area on the First Floor. The deployment of low-voltage technology was in the early stages with ongoing coordination between our Systems team and technology contractors. Lastly, the lighting control systems on all floors and parking levels have been upgraded to maximize efficiency and supports LACERS' FitWel application.

As of June 30, 2022, plumbing work continued to progress concurrently with the wall framing work on the First Floor. New fan coil HVAC units were also deployed in accordance with the new occupancy loads for each floor.

With most of the tenant improvements scopes completed or well underway, LACERS is transitioning staff efforts to focus on coordinating the move from LA Times to 977 N. Broadway. LACERS is working closely with Cushman & Wakefield (C&W) project management and property manager to engage a relocation vendor to help transfer our existing IT infrastructure, assets, files, and pertinent furniture.

LACERS estimates the migration of staff from LA Times to 977 will be completed by December 2022.

#### CHALLENGES & OPPORTUNITIES

Even though LACERS made significant progress on several fronts, the HQ Project continued to mitigate delays on several fronts which extended our project completion timeline a minimum of six months.

The biggest challenge that LACERS had to overcome was securing the necessary permits from the Building and Safety (LADBS) and Fire (LAFD) departments. By the end of FY22, LACERS had resolved requirements of these two departments and the permitting process was allowed to continue. However, the project would have to wait additional weeks until permits were finalized before the construction on the 1st Floor Assembly areas could resume.

LACERS also encountered an additional permitting delay, this for a street closure permit with LADOT to operate a crane. Originally submitted in March of 2022, street closure permit application for lifting LACERS' roofing materials, new diesel-powered generator, and diesel fuel tank had not been approved nor the status of the application updated by LADOT. Consequently, the project found itself delayed and prompting LACERS to reach and work closely with LADOT to secure the street closure permit.

Lastly, the HQ Move Project continues to experience noteworthy supply-chain constraints which are not unique to the City of Los Angeles and are being felt across the country. Most recently, certain server room components have been delayed due to supply chain availability. Our Systems team is working closely with our existing consultants on alternatives to ensure a timely server room turnover.

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# July 2021 - June 2022

## SUMMARY

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### HEADQUARTERS MOVE - PHASE 3

#### NEXT STEPS

Despite the project challenges, the Tenant Improvement work is slated to be completed by September 2022 with the project close-out in January 2023.

With 70% of the project complete, LACERS is now focused on the remaining tenant improvement scopes which include interior flooring, ceiling, low-voltage technology, security, parking garage restriping and painting, and the 1st Floor Assembly area.

After the Tenant Improvement is complete, LACERS' furniture vendor will proceed with the delivery and installation of private offices and common area furniture. Ongoing work will take place to ensure that the building is secure including the addition of card readers, surveillance cameras, panic buttons, and the installation of security gates.

LACERS currently anticipates moving to 977 N. Broadway in late December of 2022. Upon completing the majority of work migrating operations to 977, LACERS will begin taking the necessary steps to prepare the LA Times facility for surrender and finalize the termination of LACERS' existing lease at LA Times.

**INITIATIVE SUMMARY**

RSD's Business Plan Initiative – Year 2 will focus on two SIP closeout activities:

- 1) Auditing all SIP cases to determine and ensure member file information is complete and accurate
- 2) Conducting an after-action review of the SIP retirement process, documenting lessons learned and procedural improvements for future incentive program implementations.

**KEY INDICATORS**

DESCRIPTION		TARGET	ACTUAL July-June	STATUS
#	Audit Category	Per Quarter	Per Quarter	
1.1	Member Case File Reviews	150	0	Deferred
1.2	Member Case File Outstanding Documentation Follow-up	15	0	Deferred
2.1	After-Action Review – Analyze webinar attendance vs webinar sign-up	Three (3) SIP Groups	2	Completed
2.2	After-Action Review - Analyze Members who retired on time vs not on time	Three (3) SIP Groups	3	Completed

**BUDGET**

Appropriation:	\$242,295
Expenses:	\$113,192
Unspent:	\$129,103

\*Includes part-time salaries and OT

**RISKS/MITIGATION**

Risks	Description	Mitigation Address	Status
Staffing	Insufficient staff to perform audit.	Reduce caseload, adjust metrics, revise milestones, reassignments, overtime – mitigation measures enacted.	Yellow
Funding	Insufficient funding to acquired staff to perform or assist with project.	Hiring was delayed FYE 2022; however, staff has been hired and will start in July 2022	Orange
Audit extended	Competing priorities delay completing audit tasks.	Deliverables targeted are expected to be extended beyond FYE 2022. Audit is expected to be on track in the FYE 2023.	Orange
External factors	Pandemic or other external factors may affect the audit.	External financial and pandemic related factors have delayed the audit schedule, requiring a revision to audit milestones and deliverable dates. Initial case reviews are expected to begin in Q1.	Orange

**MILESTONES/DELIVERABLES**

	Q1	Q2	Q3	Q4
BPI Project Documents		<ul style="list-style-type: none"> <li>Develop Charter</li> <li>Mid-Year Reporting</li> </ul>		<ul style="list-style-type: none"> <li>Year-End Reporting</li> </ul>
Audit of Member Case Files		<ul style="list-style-type: none"> <li>Audit 150 case files</li> <li>Outstanding Member document follow-up (est. 10% of cases)</li> </ul>	<ul style="list-style-type: none"> <li>Audit 150 case files</li> <li>Outstanding Member document follow-up (est. 10% of cases)</li> </ul>	<ul style="list-style-type: none"> <li>Audit 150 case files</li> <li>Outstanding Member document follow-up (est. 10% of cases)</li> </ul>
After-Action Analysis			<ul style="list-style-type: none"> <li>CSIP &amp; LSIP webinar and retirement comparison charts</li> <li>Assessment of electronic and virtual resources</li> </ul>	<ul style="list-style-type: none"> <li>Final Audit After-Action Report</li> </ul>

# July 2021 – June 2022 SUMMARY

## CITY SEPARATION INCENTIVE PROGRAM

### AUDIT OF SEPARATION INCENTIVE PROGRAMS

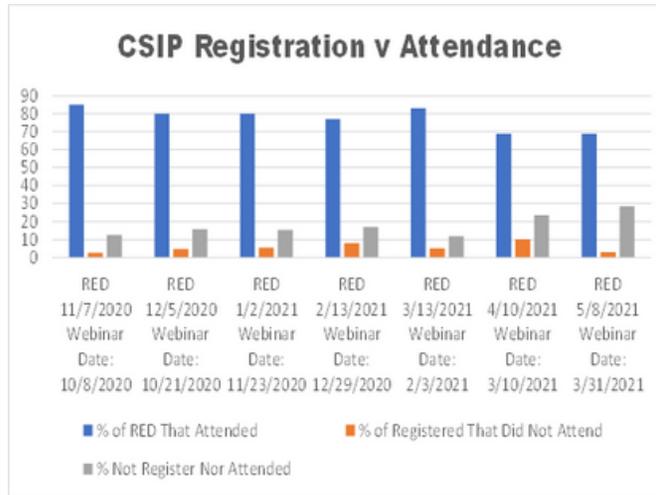
The FY 20/21 Business Plan Initiative (BPI) focused on the development, execution and completion of the Los Angeles World Airports Separation Incentive Program (LSIP) and City Separation Incentive Programs (CSIP). The goals and objectives involved meeting monthly targets related to the retirement process such as retirement package distribution, webinar counseling, health enrollment, and securing needed ancillary resources.

This year RSD's BPI will focus on reviewing and evaluating the general outcome of the SIP retirement process. To assess this outcome, RSD will audit all SIP cases to: (1) determine and ensure member file information is complete and consistent; (2) conduct follow up with those members who were required to provide documentation later due to delays in retrieving information from other agencies; and, (3) determine lessons learned and if procedural improvements are needed. It will also evaluate the effectiveness of the added electronic and virtual platforms used in the SIP retirement process.

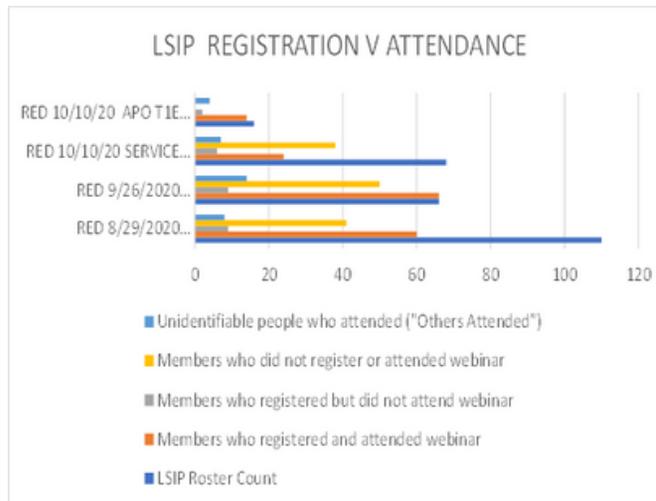
### ACCOMPLISHMENTS

Review and Compare – Analysis of Webinar Attendance

#### CSIP



#### LSIP



### CSIP

The analysis of CSIP webinar participation revealed an average webinar attendance rate of 78% per scheduled retirement effective date. The percentage of CSIP participants who registered to attend but failed to attend a webinar averaged 5.6%. Furthermore, CSIP participants who chose to forgo registering or attending a webinar averaged 18%.

Webinar attendance began strong and remained above 80% for the first five months, then tapered down to 69% for the final two months. Staff noted having to spend more time with members in the latter two groups because of member computer accessibility issues and Spanish speaking members who required additional assistance.

### LSIP

The attendance rate for LSIP participants was lower than CSIP, averaging 58%. The no show rate for participants who registered was 17% and the rate for those who chose not to attend a webinar at all was 34%. These lower participation rates are more than likely attributable to LAWA's pre-LSIP communication campaign with possible participants. LAWA issued several department-wide memos, conducted a Q & A session and requested information from LACERS on required documents and health coverage (limited) prior to the official launch and filing period in preparation. LAWA also actively worked to aid participants and LACERS in making sure submitted retirement packages were complete.

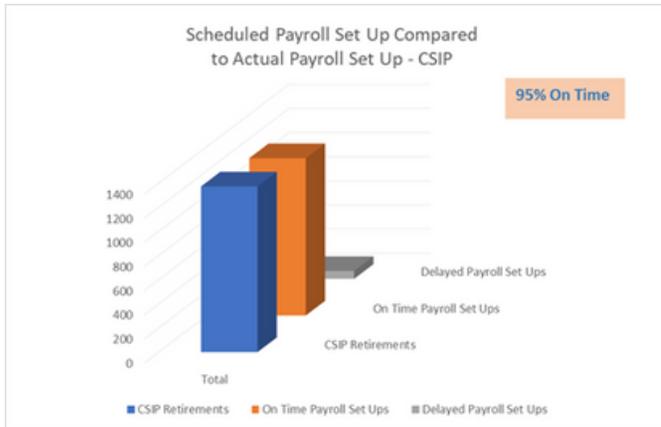
# July 2021 – June 2022 SUMMARY

## CITY SEPARATION INCENTIVE PROGRAM

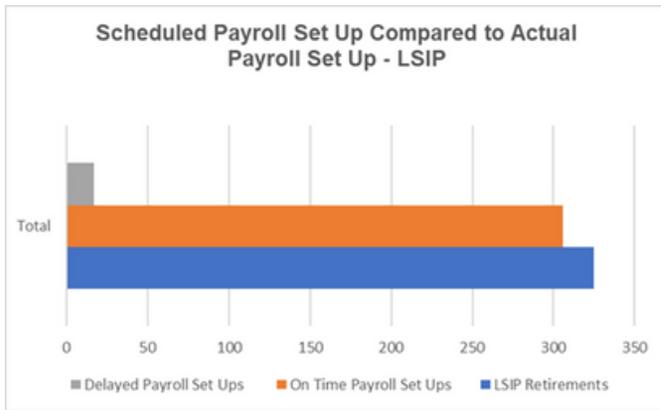
### ACCOMPLISHMENTS CONTINUED...

#### Review and Compare – Analysis of Payroll Set Up

##### CSIP



##### LSIP



#### CSIP & LSIP

Analysis of payroll set-up rates found 95% of CSIP participants were set-up on time and in keeping with RSD’s standard target for the first benefit payment following a member’s retirement effective date of 30 to 60 days. The set-up rate for the LSIP was 94%, again well within the 30 to 60 days RSD target. The variances were due to members inability to obtain or submit required documents on time.

#### Lessons Learned and Procedural Improvements

In evaluating SIP processing, one practice that improved efficiency and helped highlight areas impeding the case workflow, was the separating of retirement counseling responsibilities from in-progress case auditing duties. The separation allowed for the counseling team to process non-problem cases quickly and efficiently without having the distraction of spending inordinate amounts of time dealing with Members who had challenges. Having an analyst dedicated to performing a higher-level review, audit and/or to troubleshoot and resolve problem cases proved invaluable. The analyst aided counselors with Members requiring more assistance, generated aging and performance reports, and kept management apprised of any serious issues.

### CHALLENGES & OPPORTUNITIES

The FY22 Budget provided 11 full-time positions, 14 part-time positions, and overtime to extend the capacity of the Retirement Service Division and Service Processing Section to complete retirement processing for the Harbor SIP participants, processing of the retirements held in abeyance, and addressing the backlog of service purchases.

In FY22, RSD met its commitments to complete the HSIP and regular retirements; tested and launched the new Retirement Application Portal; and toward the end of the fiscal year, was finally able to fill positions which were held by funding constraints, and lack of established certification lists for Benefit Specialist, Benefits Analysts, and Sr. Benefits Analysts.

Included in the 11 positions approved for FY22 were six (6) six-month limited positions with the primary task to audit 150 SIP cases per quarter. However, the positions were unable to be filled due to the hold on hiring, the lack of certification lists, and the inability to attract candidates for six-month limited positions. Without these resources, the SIP Audits could not commence.

#### NEXT STEPS

Fortunately, at the onset of FY23, obstacles to hiring were removed. Three full time positions authorized in the budget have been filled and training is process. Auditing of the SIP cases will be completed in FY23, and staff will continue to perform on-going auditing of cases to meet LACERS’ goal of accurate delivery of benefits.

INITIATIVE: CITY SEPARATION INCENTIVE PROGRAM (SERVICE PURCHASE BACKLOG)  
 DIVISION(S)/SECTIONS: RETIREMENT SERVICES DIVISION &  
 HEALTH, WELLNESS AND BUYBACK DIVISION  
 STRATEGIC GOAL(S): ACCURATE AND TIMELY DELIVERY OF MEMBER BENEFITS

STATUS: **Completed**  
 REPORT MONTH: June 2022  
 LEAD(S): Ferralyn Sneed, Edeliza Fang

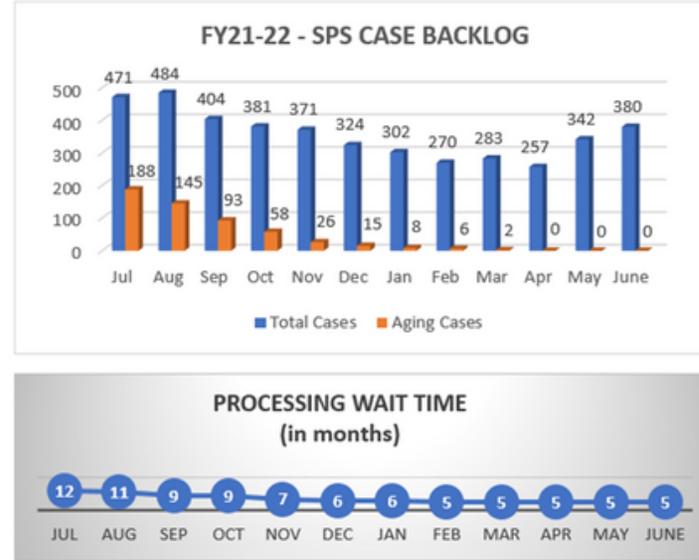
**INITIATIVE SUMMARY**

This initiative is to address and reduce the case backlog in the Service Processing Section. The backlog consists of service purchase applications, service certifications from DWP, LAFPP and other agencies, and reciprocity requests. These cases were placed on hold in FY21 to focus on SIP work. For FY22, the Board approved additional resources (5 substitute authorities, 3 part-time employees) and use of overtime to manage the backlog.

In July 2021, the total case count was at 471, with 188 of those being aging cases (6 months or more in the queue), and average wait time of 12 months.

At Fiscal Year closing, the total case count was down to 380, with 0 aging cases, and the average wait time was 5 months.

**KEY INDICATORS**



	TOTAL PENDING CASES	AGING CASES	AVERAGE WAIT TIME
July 2021	471	188	12 months
Aug 2021	484	145	11 months
Sept 2021	404	93	9 months
Oct 2021	381	58	9 months
Nov 2021	371	26	7 months
Dec 2021	324	15	6 months
Jan 2022	302	8	6 months
Feb 2022	270	6	5 months
Mar 2022	283	2	5 months
Apr 2022	257	0	5 months
May 2022	342	0	5 months
Jun 2022	380	0	5 months

**BUDGET**

Appropriation:	\$147,000
Expense:	\$108,305
Unspent:	\$38,695

Note: This is the budget only for SPS overtime. It does not include salaries of substitute authorities and part-time employees.

**RISKS/MITIGATION**

Risks	Description	Mitigation Address	Status
Staffing	The section is not fully staffed since two positions (1 Benefits Analyst and 1 Benefits Specialist) are vacant. Additionally, there are two SPS staff members who are currently eligible for retirement.	Ensuring that remaining positions get immediately filled when they become vacant. Staff continues to work overtime, if necessary. Regular training is conducted so institutional knowledge is shared and passed on. Review and update of procedures and desk manuals are performed to ensure that any changes in processes are captured for staff reference.	Done

**MILESTONES/DELIVERABLES**

	Q1	Q2	Q3	Q4
Reduce the number of aging cases (6 months or older) in the queue down to zero.	The number of aging cases as of Sept 2021 is 93.	The number of aging cases as of Dec 2021 is 15.	The number of aging cases as of March 2022 is 2.	The number of aging cases as of June 30, 2022 is 0.
Reduce Member wait time from 12 months to 8 months by the end of the FY.	The wait time average (July thru Sept 2021) is 10.5 months.	The wait time average (Oct thru Dec 2021) is 7 months.	Wait time average (Jan thru Mar 2022) is 5 months.	Wait time average (Apr thru June 2022) is 5 months.

# July 2021 - June 2022 SUMMARY

## SERVICE PURCHASE BACKLOG

### BACKGROUND

This initiative was adopted in FY21-22 to address and reduce the years-long backlog of cases in the Service Processing Section. SPS's outstanding caseload consists of service purchase applications, service certification requests from WPERP, LAFPP, and other agencies, and reciprocity requests. These cases were placed on hold in FY20-21 to focus on work related to the City Separation Incentive Program (CSIP). As part of the FY21-22 budget, the Board approved additional resources (5 substitute authorities, 3 part-time employees) and use of overtime to address the backlog.

In July 2021, SPS's outstanding case count was at 471. Of those cases, 93 were identified to be cases older than 6 months from the time of application ("aging cases"). Additionally, the section's average processing time was 12 months.

The goal of the initiative was to reduce the backlog of cases down to a manageable level as well as eliminate all aging cases and decrease the average processing time from 12 months to 8 months by the end of FY21-22.

### RESULTS & ACCOMPLISHMENTS

#### Number of Cases

In June 2022, SPS's case count was at 380 which represents a 19% reduction from July 2021. The biggest drop was seen in March 2022 with a case count of 257, representing a 45% reduction from the start of the fiscal year.

The following table shows the section's number of incoming cases and completed cases for each month in FY21-22.

MONTH	INCOMING CASES	COMPLETED CASES
July	94	132
August	77	178
September	95	170
October	142	190
November	90	140
December	100	163
January	121	147
February	86	117
March	178	175
April	101	123
May	217	90
June	101	86

#### Number of Aging Cases

There was also a significant decrease in the number of aging cases managed by the section, from 93 cases in July to 0 cases in June. This represents a 100% reduction.

#### Average Processing Time

The average time to process a service buyback application also lessened from 12 months to 5 months.

- For City service purchases, the average processing time decreased from 10 months to 5 months.
- For Non-City service purchases, the average processing time decreased from 12 months to 5 months.

Based on the fiscal year-end numbers above, we not only met, but surpassed, our expectations for this initiative. We eliminated the section's backlog of aging cases down to zero by the end of FY21-22. We also shortened the average processing time for new cases from 12 months to 5 months.

### OPPORTUNITIES

Starting this initiative during the COVID-19 pandemic had a positive effect on our deliverables. Staff participated in Zoom training sessions which served not only as a way to learn or reinforce knowledge of work processes, but also provided a forum for staff to share challenges they may be experiencing with their assigned cases and receive helpful input from more seasoned staff. As such, workflow slow-downs and stoppages were avoided since issues were identified and addressed quickly.

# July 2021 – June 2022

## SUMMARY

### SERVICE PURCHASE BACKLOG

#### OPPORTUNITIES CONTINUED....

With the progress made with staff training and the ability to utilize an experienced 120-day consultant/retiree, SPS management staff was able to focus on two important projects: 1) research and analysis related to WPERP Reciprocity and 2) the expedited processing of pending WPERP certification requests.

Additionally, with the section properly resourced and fully staffed as well as with the case log brought down to manageable levels during the latter part of the fiscal year, some staff members were able to assist another section under the Health, Wellness and Buyback Division in a Member-facing capacity. This provided them with the opportunity to be cross trained in the health benefits area, acquiring knowledge and experience needed to promote within the Benefits Analyst series.

#### LESSONS LEARNED

Adequate number of trained and capable staff is key in maintaining a manageable caseload. In the FY22-23 budget, the Board approved the upgrade of a Benefits Analyst to a Senior Benefits Analyst as well as the regularization of a Benefits Analyst and continuation of one Benefits Specialist substitute authority.

Training of staff also plays a major role in ensuring that cases are processed timely and accurately. Additionally, regular review/update of procedures, desk manuals, and reference materials is necessary for consistent and correct application of processes. Lastly, close monitoring of cases, especially near-aging ones, helps to avoid workflow slowdown as issues can be identified sooner and resolved swiftly.

#### IMPACT

Training of staff also plays a major role in ensuring that cases are processed timely and accurately. Additionally, regular review/update of procedures, desk manuals, and reference materials is necessary for consistent and correct application of processes. Lastly, close monitoring of cases, especially near-aging ones, helps to avoid workflow slowdown as issues can be identified sooner and resolved swiftly.

#### NEXT STEPS

In FY22-23, SPS will continue to ensure that the section's staffing is maintained at a constant level by filling positions quickly when they become vacant. SPS will also assess its staffing needs based on the section's overall caseload to determine which, if any, of the additional resources will be continued in FY23-24. Lastly, SPS will continue the following activities: 1) provide regular training to staff, 2) perform close monitoring of cases, and 3) conduct periodic review of processes and procedures, including manuals and training materials.

**INITIATIVE SUMMARY**

LACERS became a signatory to the Principles for Responsible Investment (PRI) on September 3, 2019. Responsible investing incorporates environmental, social, and governance (ESG) factors into investment decisions and the investment process to better manage risk and generate sustainable, long-term outperformance. The ESG BPI tracks the progress of the implementation of LACERS' ESG Program, pursuant to LACERS' commitment to PRI.

**KEY INDICATORS**

Key indicators for the ESG BPI are the milestones/deliverables detailed in the section below

**BUDGET**

Appropriation:	\$18,750
Expense:	\$12,500
Unspent:	\$6,250

**RISKS/MITIGATION**

Risks	Description	Mitigation Address	Status
Competing Priorities	Limited staff resources may result in competing priorities and insufficient time to appropriately address critical and essential priorities.	Staff receives essential resources and continued ESG education both externally from credible and reliable academic sources as well as cross training of staff, and relying on and leveraging the expertise of LACERS' ESG Consultant.	On Track
Staff Inexperience	Staff has not received formal ESG training and education.	Staff will seek the expertise of the LACERS' ESG Consultant, pursue formal ESG education, and continue to participate in ESG conferences and networking events.	On Track

**MILESTONES/DELIVERABLES**

	Q1	Q2	Q3	Q4
Update the PRI Action Plan	Completed on 7/13/21			
Include ESG questions into Passive Index and Real Estate Consultant RFPs	Completed on 8/24/21			
Review the annual proxy votes	Completed on 9/14/21			
Host inaugural Emerging Manager Symposium		Completed on 10/20/21		
Review LACERS' 2021 PRI Private Transparency Reports		Completed on 11/26/21		
Execute contract with MSCI, Inc. for ESG risk screening tool		Completed on 12/30/21		
Develop ESG Activity Log		Completed on 12/30/21		
Responsible Investment Policy approved			Completed on 1/11/22	
Respond to City Council Motions on divestment from Facebook and Unilever (CF 21-116 and CF 21-1460)			Completed on 1/11/22	
Review annual ESG due diligence questionnaire for public markets			Completed 1/18/22	
Incorporate ESG questions into the forthcoming Transition Manager RFP			Completed 3/1/22	
Joint letter to Meta, Platforms, Inc from LACERS, and Los Angeles Fire and Police Pension (LAFPP)				Completed 4/15/22
Host second Emerging Manager Symposium				Completed 4/20/22
Review the Proxy Voting Policy				Completed 4/26/22
Submit LACERS' ESG Risk Framework for consideration of the PRI Awards				Completed 6/29/22

# July 2021 - June 2022

## SUMMARY

### ENVIRONMENTAL, SOCIAL, AND GOVERNANCE INVESTING

#### ACCOMPLISHMENTS

The Investment Division has met all of the targeted milestones on time or ahead of schedule. Key accomplishments include:

- Board approved the Responsible Investment (RI) Policy on January 11, 2022.
- LACERS hosted two successful Emerging Manager (EM) Symposiums on October 20, 2021, and April 20, 2022. The inaugural symposium was attended by 212 professionals, with 168 representing EM firms. The April symposium was attended by 319 professionals (50% increase from the inaugural symposium), with 292 representing EM firms (74% increase).
- On April 15, 2022, LACERS and Los Angeles Fire and Police Pension (LAFPP) sent a jointly signed letter of engagement to the Board of Meta Platforms, Inc (Meta) to express concerns regarding alleged negative effects Instagram has on young women and girls and other negative externalities. In addition, LACERS supported a shareholder-led proposal on Meta's proxy ballot regarding this matter ([Proposal 7: Shareholder Proposal Regarding Report on External costs of Misinformation](#)).
- Board approved staff recommended revisions to the Proxy Voting Policy on April 26, 2022, to address the most current and common ESG issues being raised by shareholders in the 2022 proxy voting season.

- Provided the Board with ongoing ESG education via presentations by LACERS staff, NEPC, LLC, and Wellington Management Company LLP at the May 10, 2022, Board meeting.
- On June 29, 2022, submitted LACERS' ESG Risk Framework for the PRI Awards 2022 ESG Incorporation Initiative of the Year award.

#### CHALLENGES & OPPORTUNITIES

Currently, one Investment staff is dedicated to managing LACERS' ESG Program while also maintaining other investment responsibilities. Staff does not have capacity to engage in every ESG matter, particularly time-sensitive engagement campaigns that may be important to PRI signatories and LACERS stakeholders.

Actions being taken to address this challenge include:

- Board approved additional Investment staff through the Fiscal Year 2022-23 budgeting process.
- Assigning ESG projects to other existing Investment staff to the extent those staff have excess capacity.
- The RI Policy allows for delegation of authority to engage in time-sensitive letter writing campaigns from the Board to the General Manager (GM), Chief Investment Officer (CIO), and the Board President (President) in order to meet campaign deadlines.

- The recently revised Proxy Voting Policy allows for delegation of authority to engage in time-sensitive proxy voting decisions unaddressed by the policy from the Board to the GM, CIO, President, and Governance Committee Chair.

#### NEXT STEPS

The Investment Division will continue to work on ESG projects including:

- Reviewing and updating the PRI Action Plan and the ESG Risk Framework Action Plan which are currently scheduled for Board consideration at the August 9, 2022, Board meeting.
- Providing the annual report on Proxy Voting Activity, which is scheduled for September 13, 2022, Investment Committee meeting.
- Attending the PRI Annual Conference being held in Barcelona, Spain from November 30 to December 2, 2022.
- Evaluating ESG analytical tools to inform decision-making.
- Addressing specific ESG-related matters such as the investment impact of the Russia-Ukraine crisis as they arise.

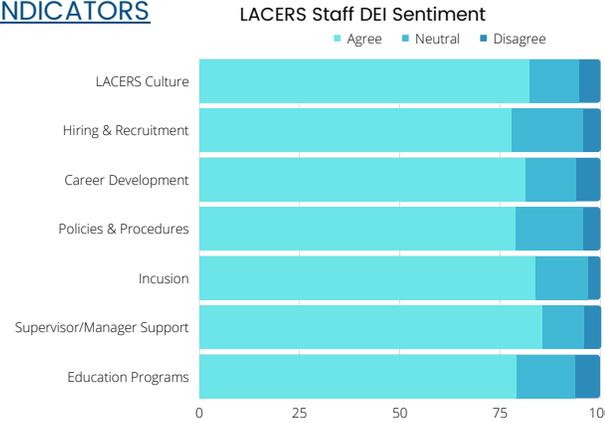
INITIATIVE: **DIVERSITY, EQUITY, AND INCLUSION**  
 DIVISION(S)/SECTIONS: **MEMBER SERVICES DIVISION & INVESTMENT DIVISION**  
 STRATEGIC GOAL(S): **ORGANIZATIONAL EFFECTIVENESS, EFFICIENCY, & RESILIENCY;  
 RECRUIT, RETAIN, MENTOR, & EMPOWER WORKFORCE**

STATUS: **ON-TRACK**  
 REPORT MONTH: **June 2022**  
 LEAD(S): **TIFFANY OBEMBE/EDUARDO PARK**

**INITIATIVE SUMMARY**

LACERS is committed to a diverse, equitable, inclusive workplace where everyone has an opportunity to thrive. LACERS has incorporated DEI most notably in our investment policies and programs, and in talent acquisition and retention. There's more that can be done, and we are committed to expanding opportunities to advance DEI in our workplace, in serving our Members, and with our partners. We plan to do this by analyzing the current state of DEI at LACERS and offering staff wide training and resources.

**KEY INDICATORS**



Staff participation in DEI initial survey:

- 131 fully complete surveys
- 155 highest individual section response received, out of a total of 200 staff members.
- 65% response rate.

Metrics of to be tracked:

- hours of training per course content
- # of participants per course
- employee sentiment over time
- staff participation in DEI initial survey

\*Must create baseline, possible semi-annual survey with clear and consistent structure over the course of 2 years

**BUDGET**

Appropriation:	Requesting: \$309,800 (Includes salary of Sr. PA I @\$134,000 and All-LACERS Fellowship training @ \$165,000, plus Cornell Trainings)
Expense:	\$0
Unspent:	\$0

**RISKS/MITIGATION**

Risks	Description	Mitigation Address	Status
Staffing	Need a dedicated staff member to oversee DEI Initiative	Submit budget request for Sr. PA I position in HR	On Track
Funding	A total of \$369,400 will be needed for new staff position, DEI Cornell training, and all-LACERS Fellowship training	Will need to separate Cornell training and all-LACERS fellowship cohort into multiple fiscal years to spread out costs	On Track

**MILESTONES/DELIVERABLES**

	Q1	Q2	Q3	Q4
Project Charter	Complete			
Initial DEI All-Staff Survey	Complete			
Cal State LA Partnership Contract		Cal State Semester started; students will propose ideas.	Cal state interviews and analysis conducted with LACERS staff.	Partnership completed, 2 research groups provided suggestions and observations about DEI at LACERS.
NDA	Draft Complete	Complete		
HR Position Request for Sr. PA I	Submitted budget request for FY22-23	Selecting topics	In budget process	Approved in budget for FY 22-23
Quarterly Open Forums	On Hold	On Hold	On Hold	On Hold
DEI Cornell Training	Will submit budget request for 3 staff for FY 23-24. The following year will request more for FY23-24, \$3600 per person, 4 courses, at own pace.			Will be proposed for future FY budget cycle.
All-LACERS DEI Fellowship Cohort	Submitted budget request for FY22-23	Pending budget approval		Approved in budget for FY 22-23 (Vikram will lead)
DEI Resources on Intranet	In process	In process	Gathering resources	New HR DEI staff member will coordinate in new FY.

# July 2021 – June 2022

## SUMMARY

### DIVERSITY, EQUITY, AND INCLUSION

#### ACCOMPLISHMENTS

Over the past several months, the LACERS DEI team and working group have accomplished a handful of our remaining intended milestones. In January 2022, we began our partnership with Cal State Los Angeles where their undergraduate and graduate students conducted focus groups and interviews with LACERS staff in their evaluation of the state of DEI at our organization. Their findings and recommendations were reviewed in May 2022 by Executive staff and discussed with the working group as to how to best incorporate them at LACERS.

The DEI team was able to secure funding during the budget process for a full-time LACERS staff member (Sr. PA) within the Human Resources division to oversee future DEI initiatives. This new staff member will be hired in FY 22-23 and will be tasked with organizing DEI resources and coordinating DEI training for the department.

Additionally, LACERS has also secured funding for the LACERS-wide fellowship cohort for FY 22-23. This training will help further spread awareness of DEI key concepts and tools that can be utilized in our workplace.

#### CHALLENGES & OPPORTUNITIES

The DEI initiative is still new and there remains lingering apprehension from staff to share their thoughts and opinions on the state of DEI at LACERS. This was seen most recently during the focus groups and interviews that were conducted by the Cal State Los Angeles teams during their evaluation of DEI at LACERS. We view this as an opportunity to grow and LACERS will continue to measure LACERS staff's comfortability with discussing DEI through surveys and their participation in future DEI offerings.

The City of Los Angeles' new partnership with UCLA regarding DEI will offer new opportunities for DEI implementation at LACERS.

#### NEXT STEPS

The DEI team going forward will be comprised of interested LACERS staff who will volunteer to serve on a new advisory group. The new Sr. PA in HR will lead these meetings and facilitate discussions for the group.

The new DEI advisory group will work to launch quarterly open forums on various DEI topics in the new FY. The topics for these open forums may be linked to the topics covered in the LACERS-wide fellowship cohort, and as such the timing of the forums may coincide with the timings of the trainings.

DEI resources continue to be collected and will be organized and made available to all LACERS staff via the LACERS intranet.

During the next FY, LACERS will look to conduct another LACERS-wide DEI survey to continue to track the department's progress.

**APPENDIX A – BUSINESS PLAN INITIATIVE TEMPLATE**

INITIATIVE: [NAME OF BUSINESS PLAN INITIATIVE]  
 DIVISION(S)/SECTIONS: [DIVISION NAME/SECTION UNIT]  
 STRATEGIC GOAL(S): [ASSOCIATED STRATEGIC GOAL AREA]

Shade the cells according to status:

Completed
On-Track
Off-Track
Intervention Needed

STATUS: ON-TRACK  
 REPORT MONTH: [REPORTING MONTH AND YEAR]  
 LEAD(S): [FIRST AND LAST NAMES]

**INITIATIVE SUMMARY**  
 [Provide 1-2 line description of initiative. Bullet the major components.]

**KEY INDICATORS**  
 [Provide quantitative measurements of successful implementation. Graphical representations are encouraged.]

1200
1000
800
600
400
200
0

**BUDGET**

Appropriation:		\$
Expense:		\$
Unspent:		\$

**RISKS/MITIGATION**

Risks	Description	Mitigation Address	Status
[Staffing]			
[Technology]			
[Time]			
[Funding]			

**MILESTONES/DELIVERABLES**

	Q1	Q2	Q3	Q4
[Milestone/Deliverable #1]				
[Milestone/Deliverable #2]				
[Milestone/Deliverable #3]				