



LACERS
 LA CITY EMPLOYEES'
 RETIREMENT SYSTEM



REPORT TO BOARD OF ADMINISTRATION

From: Neil M. Guglielmo, General Manager

Dale Wong Nguyen

MEETING: FEBRUARY 27, 2024

ITEM: III - B

**SUBJECT: SEMI-ANNUAL REPORT OF BUSINESS PLAN INITIATIVES FOR THE PERIOD
 ENDING DECEMBER 31, 2023**

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board receive and file this report.

Executive Summary

This semi-annual report of the business plan initiatives (BPIs) for Fiscal Year 2023-24 presents progress on five priority initiatives during the reporting period from July to December 2023, with four continuing initiatives and one new initiative.

Discussion

The Language Access Plan BPI continues to build upon a framework to expand accessibility of benefits related information to LACERS Members. Last fiscal year, the Governance BPI initiated a search for Board Governance Consulting services and began the Triennial Board Policy Review. This fiscal year, the Governance BPI began engagement with the onboarded Consultants to develop a new Strategic Plan and is completing the review of all existing Board Governance and Administrative policies, with the commencement of developing new policies in the 3rd and 4th quarter. The Workforce Diversity, Equity, and Inclusion (DEI) BPI has launched a LACERS Fellowship program with its first cohort of senior staff as an initial step in resolving organizational and leadership gaps. The Environmental, Social, and Governance (ESG) Investing BPI continues to mitigate risk and optimize returns by implementing an ESG Program. The City Human Resources and Payroll (HRP) System Implementation BPI is discussed in greater detail below.

The following page provides a brief snapshot of each BPI. See Attachment for a detailed dashboard view of each BPI.

Governance BPI - off-target

SET THE COURSE FOR RISK MANAGEMENT AND STRATEGIC VISION FOR THE NEXT 3 TO 5 YEARS

Team Leads: Edwin Avanesian & John Koontz

- Project sponsor: Todd Bouey
- Total FY24 project budget: \$150,000
- Project duration: July 2022 and ongoing

Language Access Plan BPI - on-target

PROVIDING TIMELY AND MEANINGFUL LANGUAGE ACCESS, INCLUDING THE DEAF AND HARD OF HEARING, TO PROGRAMS, SERVICES, INFORMATION, AND PARTICIPATORY PROCESSES

Team Leads: Amelia Herrera-Robles & Lisseth Grande

- Project sponsor: Dale Wong-Nguyen
- Total FY24 project budget: \$40,000
- Project duration: July 2022 and ongoing

Environmental, Social, and Governance Investing (ESG) BPI - on-target

ENHANCING LACERS INVESTMENT PORTFOLIO GUIDED BY THE RESPONSIBLE INVESTMENT POLICY AND ESG RISK FRAMEWORK

Team Leads: James Wang

- Project sponsor: Rod June
- Total FY24 project budget: \$18,125
- Project duration: July 2021 and ongoing

Workforce, Diversity, Equity, and Inclusion (DEI) BPI - on-target

ALIGN ORGANIZATION AND STAFF ON PERFORMANCE NEEDS AND SUPPORT REQUIREMENTS TO ENABLE PROFESSIONAL GROWTH

Team Leads: Vikram Jadhav

- Project sponsor: Neil Guglielmo
- Total FY24 project budget: \$65,000
- Project duration: September 2021 and ongoing

City HRP System Implementation BPI – needs intervention

GO-LIVE OF THE HUMAN RESOURCES AND PAYROLL SYSTEM WITH DEPLOYMENT OF PAYROLL FUNCTIONALITIES, INTEGRATED WITH THE PENSION SOFTWARE

Team Lead(s): Andy Chiu

- Project sponsor: Todd Bouey
- Total FY24 project budget: \$120,000
- Project duration: July 2021 and ongoing

While BPI's are primarily going as planned, the At-Risk initiative is the City's implementation of the Human Resources and Payroll project, which serves as the City's next payroll management system. LACERS relies on payroll processes and data maintained by the City in order to administer retirement benefits for City employees.

In October 2023, staff formally reported concerns to the Board on the status of the City's Human Resources and Payroll system implementation, indicating that postponement was needed as well as additional staff resources to mitigate potential issues. The Board was supportive of the concerns and since then LACERS has gotten substitute authority positions authorized and the City has extended the go live date of the Payroll system (Phase 2) by six months to this June. LACERS has also escalated concerns through HRP sponsors which has led to improved support in the form of additional City contractor resources assigned to LACERS interface development and benefits administering departments in general.

Unfortunately, despite these positives there are still many obstacles to success. Though position authorities have been established for LACERS to hire staff in anticipation of significant payroll errors at go live of the HRP project, due to lack of sufficient hiring lists through the Personnel Department, hiring has been delayed and it's possible that positions may not be filled for several more months.

Although the City has provided more contractor resources to support benefits administration needs of City departments, LACERS as of yet has not received working interface files from the City, nor has the Phase 1 interface issues been resolved, a persisting issue since Phase 1 go live in May 2022 that has required LACERS staff to manually work around the system in supporting Excess Benefits payments to retired Members.

In addition to these concerns, and numerous others, another primary concern is the number of payroll errors LACERS continues to see, though it is possible given that the City benchmark for payroll accuracy is just 95 percent, that significant numbers of errors could persist even beyond the launch of Phase 2 of the HRP system.

Besides continuing to persist in trying to push to get as much work done as possible, LACERS is also in dialogue with a number of other City departments with similar and unique challenges related to HRP and share a common concern as to the readiness of the HRP system by June 2024. LACERS and these other City departments are working on communications to City leadership and the HRP Steering Committee to advocate that the City needs to look more holistically at what constitutes success and the decision to go live beyond just achieving 95 percent payroll accuracy.

Strategic Plan Impact Statement

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

Prepared By: Lisa Li, Management Analyst

NMG/TB/EA/CK/LL

Attachment: Semi-Annual Report of Business Plan Initiatives Fiscal Year 2023-24 for the reporting period ending December 31, 2023

BOARD Meeting: 02/27/24
Item: III-B
ATTACHMENT

FISCAL YEAR 2023-24

BUSINESS PLAN INITIATIVES

Semi-Annual Report of Business Plan Initiatives
for the Period Ending December 31, 2023

TABLE OF CONTENTS

01

LACERS GOALS

02

EXECUTIVE SUMMARY DASHBOARD

03

BUSINESS PLAN INITIATIVE DASHBOARDS

03

GOVERNANCE

04

LANGUAGE ACCESS PLAN

05

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE INVESTING

06

WORKFORCE, DIVERSITY, EQUITY, AND INCLUSION

07

CITY HRP SYSTEM IMPLEMENTATION

09

APPENDIX A – BUSINESS PLAN INITIATIVE TEMPLATE

LACERS GOALS

CUSTOMER SERVICE

To provide outstanding customer service

BENEFITS DELIVERY

To deliver accurate and timely Member benefits

HEALTH AND WELLNESS

Improve value and minimize costs of Members' health and wellness benefits

INVESTMENT

To optimize long-term risk adjusted returns through superior investments

GOVERNANCE

To uphold good governance practices which affirm transparency, accountability, and fiduciary duty

ORGANIZATION

To increase organizational effectiveness, efficiency, and resiliency

WORKFORCE

To recruit, retain, mentor, empower, and promote a high-performing workforce



EXECUTIVE SUMMARY DASHBOARD



INITIATIVES

GOALS

STATUS

EXECUTIVE SPONSORS

INITIATIVE LEADS

1. **Governance**

Governance



Todd Bouey

Edwin Avanesian
& John Koontz

2. **Language Access Plan**

Customer Service, Benefits Delivery,
Governance, & Organization



Dale Wong-Nguyen

Tiffany Obembe,
Gabriel J. Perez,
& Heather Ramirez

3. **Environmental, Social,
and Governance Investing**

Governance & Investment



Rod June

James Wang

4. **Workforce Diversity, Equity,
and Inclusion**

Organization & Workforce



Neil Guglielmo

Vikram Jadhav

5. **City HRP System Implementation**

Organization



Todd Bouey

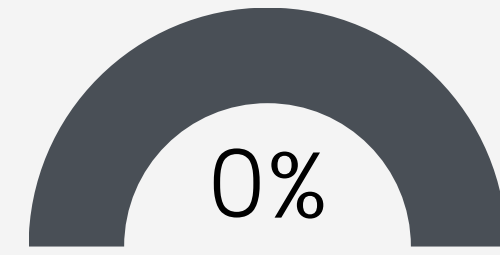
Andy Chiu



INITIATIVE: GOVERNANCE
DIVISION(S)/SECTION: ADMINISTRATION
STRATEGIC GOAL(S): GOVERNANCE

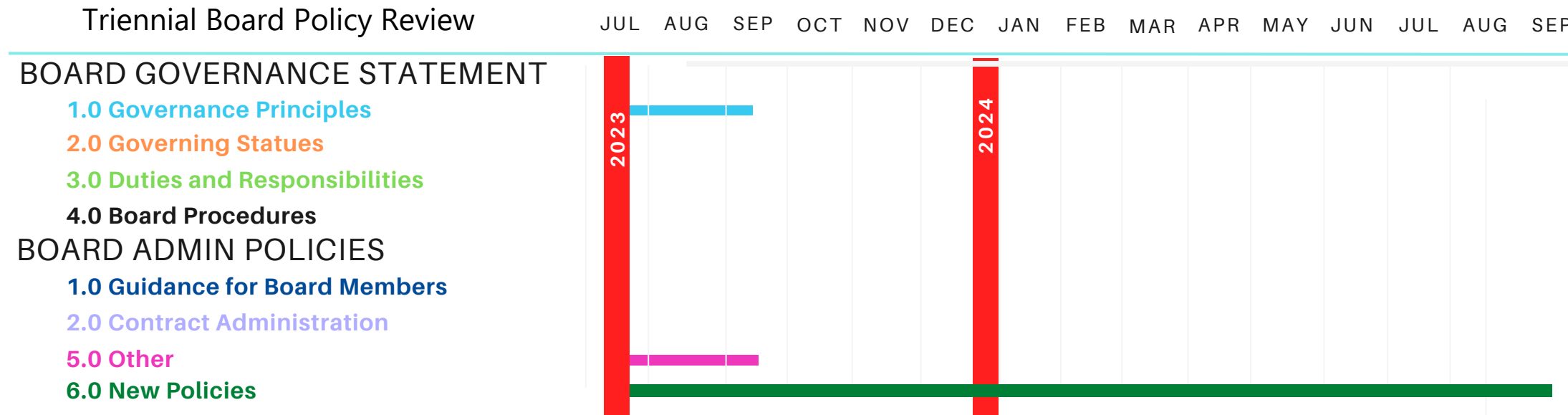
STATUS: OFF-TRACK
REPORT MONTHS: JULY 2023 – DECEMBER 2023
LEAD(S): EDWIN AVANESSIAN, JOHN KOONTZ
TEAM: CHHINTANA KURIMOTO, LISA LI

BUDGET
 Appropriation: \$150,000
 Expense: \$0
 Unspent: \$150,000



INITIATIVE PURPOSE: SET THE COURSE FOR RISK MANAGEMENT AND STRATEGIC VISION FOR THE NEXT 3 TO 5 YEARS.

KEY METRICS



PROGRESS

- Engagement with Consultants to perform Strategic Planning Facilitation with Board Commissioners and Staff.
- On track to complete the review of all existing Board Governance and Administrative Policies by the end of the 3rd quarter of FY24.

CHALLENGES

- Staying within the Strategic Planning timeline established as competing priorities arise, rearranging schedules due to staff unavailability to meet, and lengthy contracting process.
- Board discussions on individual Board policies may potentially require more than the one meeting contemplated in the schedule review timeline.

NEXT STEPS

- Strategic Plan Consultants to provide results from Board Commissioner and Staff interviews.
- Continue discussions on implementing new policies for Board to review.

MILESTONES

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Strategic Plan	TOS issued to Consultants for Strategic Planning	Engagement with Consultants		New Strategic Plan Goes Live
Triennial Board Policy Review	Complete Review of all Existing Board Governance and Administrative Policies		Initiate Discussions with City Attorney and Board on New Policies	

INITIATIVE: LANGUAGE ACCESS PLAN

DIVISION(S)/SECTION: COMMUNICATIONS & STAKEHOLDER RELATIONS

STRATEGIC GOAL(S): CUSTOMER SERVICE, BENEFITS DELIVERY, GOVERNANCE & ORGANIZATION

STATUS: **ON-TRACK**

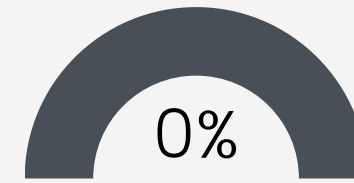
REPORT MONTHS: JULY 2023-DECEMBER 2023

LEAD(S): TANEDA K. LARIOS

TEAM: LISSETH GRANDE, AMELIA HERRERA-ROBLES, AND CARLOS JOVEL JR

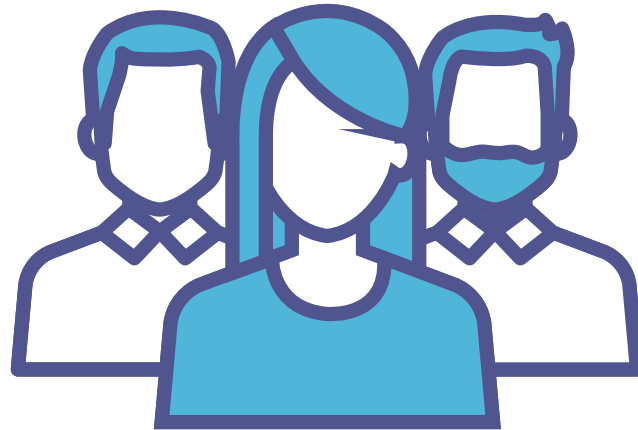
BUDGET

Appropriation: \$40,000
Expense: \$0
Unspent: \$40,000

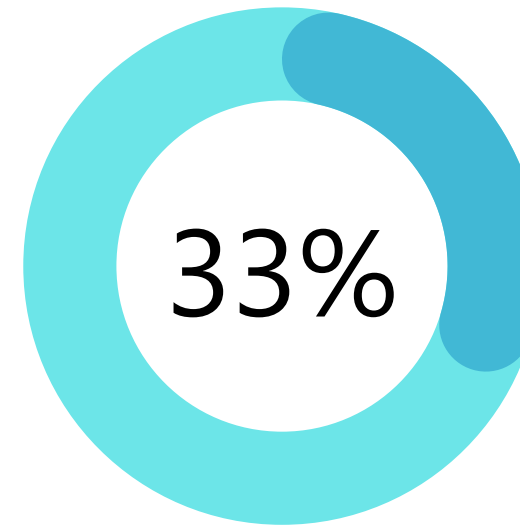


INITIATIVE PURPOSE: CREATE A LACERS LANGUAGE ACCESS PLAN (LAP) THAT GOVERNS THE PROCESS FOR PROVIDING MULTILINGUAL SERVICES TO OUR THRESHOLD POPULATIONS. THIS WILL RESOLVE ACCESS ISSUES TO INFORMATION AND FUTHER OUR COMMITMENT TO SERVING ALL PERSONS WITHIN OUR DIVERSE POPULATION.

KEY METRICS



Spanish Language Bilingual Staff - Premium Levels 1 & 2 have been identified and confirmed



Translation of LACERS Documents to Spanish

PROGRESS

- A LAP Workplan has been designed to implement and prioritize tasks.
- Five forms have been translated and are in the review stage.
- Staff training presentation has been developed and is to be delivered to Spanish Bilingual Bonus Staff.
- Tracking board/tools & forms have been developed.

CHALLENGES

- The perpetual review and feedback for the LAP from Community Investment For Families Department (CIFD) may pose implementation challenges.
- The lack of contract between Languages4You and LACERS.
- Some of the equipment from ITA is damaged.

NEXT STEPS

- LACERS LAP Staff Training on policies and procedures scheduled February 2024.
- Assess and Resubmit 2nd LAP Review to CIFD.
- Finalize SP Glossary of Terms, Forms Presentations, Job Aides, etc.
- Finalize/execute Translation Vendor Contract.
- Complete translation for forms in Spanish batch 2 (8 forms) by April 2024.

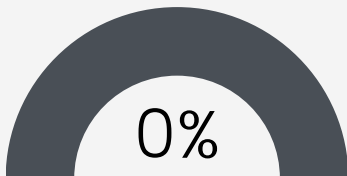
MILESTONES

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
LAP 1st Draft Revision	✓			
LAP Liaison- Benefits Analyst Recruitment		✓		
Translation of Forms (5) to Spanish		✓		
Translation, Interpretation and Transcription Vendor Contract			✓	

INITIATIVE: ENVIRONMENTAL, SOCIAL, AND GOVERNANCE INVESTING
DIVISION(S)/SECTION: INVESTMENTS
STRATEGIC GOAL(S): GOVERNANCE & INVESTMENT

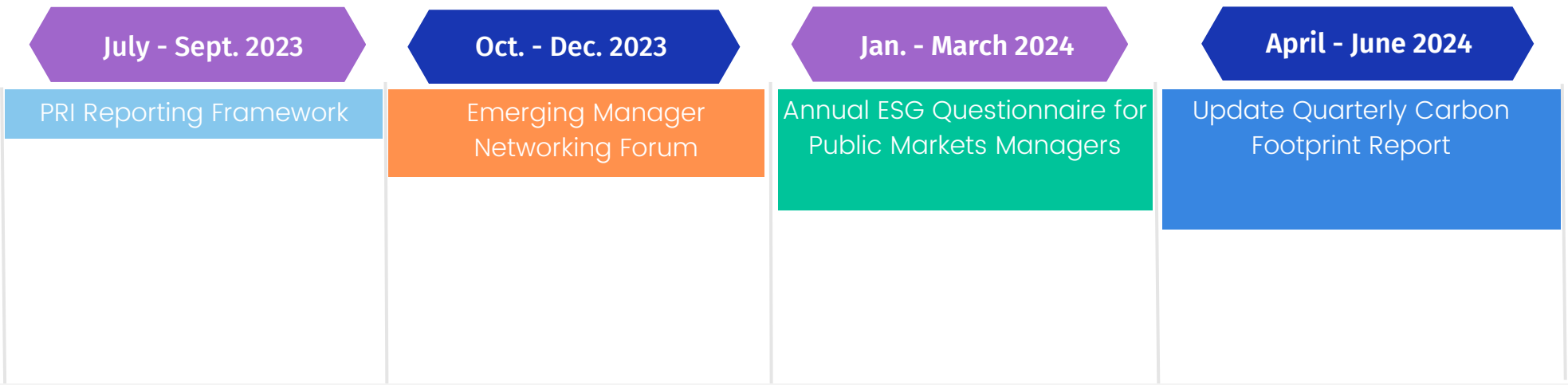
STATUS: **ON-TRACK**
REPORT MONTHS: JULY 2023 – DECEMBER 2023
LEAD(S): JAMES WANG
TEAM: CLARK HOOVER, JEREMIAH PARAS

BUDGET
 Appropriation: \$18,125
 Expense: \$0
 Unspent: \$18,125



INITIATIVE PURPOSE: ENHANCE THE LONG-TERM RISK ADJUSTED RETURNS OF THE LACERS INVESTMENT PORTFOLIO THROUGH THE IMPLEMENTATION OF A ROBUST ESG PROGRAM GUIDED BY A COMPREHENSIVE RESPONSIBLE INVESTMENT POLICY, AN ESG RISK FRAMEWORK, THE PRINCIPLES FOR RESPONSIBLE INVESTMENT, AND DIRECTIONS OF THE BOARD.

KEY METRICS



PROGRESS

- Updated and reviewed ESG questions to further incorporate ESG Risk Factors into the investment manager selection process.
- Staff served on ESG panels, participated in several meetings exchanging ESG ideas with other institutional investors and industry organizations.

CHALLENGES

- Cost and availability issues. Staff is exploring various vendors for the development of LACERS ESG database and reporting functionalities.
- Keeping up with new guidelines established by industry organizations and staying ahead of potential ESG issues.

NEXT STEPS

- Continue developing fossil fuel exposure reporting with MSCI.
- Continue discussions with PRI on reporting and data portal updates and to review PRI Questionnaire results for LACERS.


MILESTONES	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Emerging Manager Networking Forum		Complete		
Evaluation of additional third-party ESG analytical tools and resources	Ongoing	Ongoing	Ongoing	Ongoing
Development of analysis and metrics reporting from MSCI ESG Manager	Ongoing	Ongoing	Ongoing	Ongoing
Review of PRI and ESG Risk Framework Action Plans and delegation of subtasks	Complete			
Review PRI Assessment and Transparency Report			Targeted for Completion	
Review of Emerging Investment Manager Policy (to incorporate graduation/transition classification)			Targeted for Completion	
Update of Annual ESG Questionnaire for public markets managers		Complete		
PRI Reporting				TBD
Review and amend the Responsible Investing Policy				Targeted for Completion
Review and amend the Proxy Voting Policy			Targeted for Completion	

INITIATIVE: WORKFORCE DEI
DIVISION(S)/SECTION: EXECUTIVE / HUMAN RESOURCES
STRATEGIC GOAL(S): ORGANIZATION & WORKFORCE

STATUS: **ON-TRACK**
REPORT MONTHS: JULY 2023 – DECEMBER 2023
LEAD(S): VIKRAM JADHAV
TEAM: LIN LIN

BUDGET

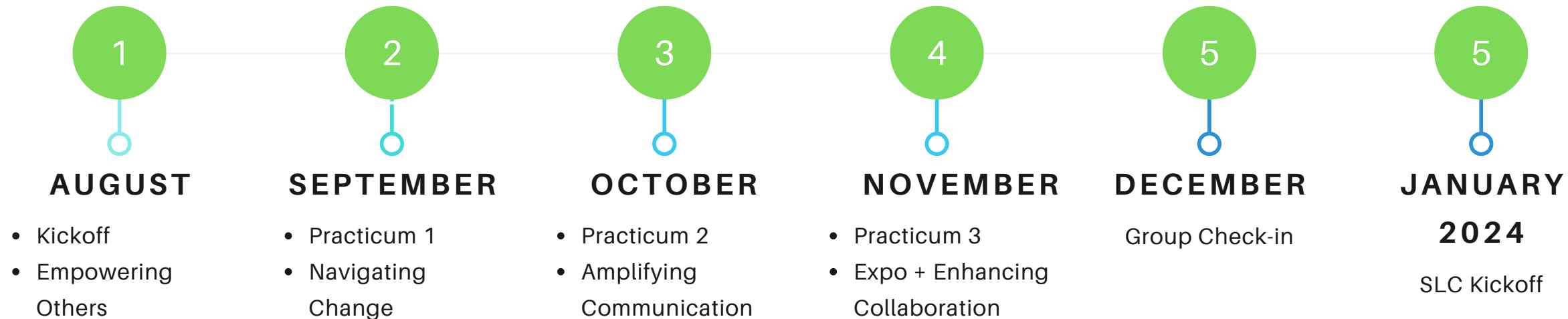
Appropriation:	\$65,000
Expense:	\$65,000
Unspent:	\$0



INITIATIVE PURPOSE: ALIGN ORGANIZATION AND STAFF ON PERFORMANCE NEEDS AND SUPPORT REQUIREMENTS TO ENABLE PROFESSIONAL GROWTH.

KEY METRICS

2023 Senior Leaders Roadmap



PROGRESS

- Successfully completed Phase 1 of program. Milestones included:
 - DiSC Profiles of Senior Management.
 - Completion of all sessions and modules by Senior Management.
 - Presentation of group projects on Employee Engagement initiatives by Senior Management to Executive team.

CHALLENGES

- Uncovering various blockers preventing deepened engagement from staff, inclusive of:
 - Communication Challenges.
 - Retiring senior staff.
 - Models for follow-up outside of program.

NEXT STEPS

- Senior Leadership Committee kickoff.
- Budget for Phase 2 and 3:
 - Phase 2 to target next level of leadership staff within LACERS.
 - Phase 3 to target the balance of staff .

MILESTONES

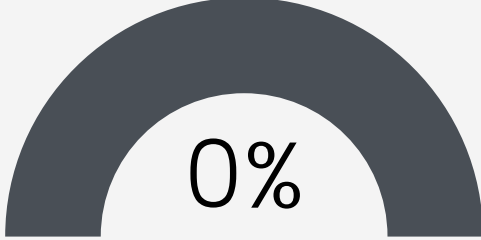
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Sessions	3 sessions completed	Remaining Sessions Completed		

INITIATIVE: CITY HRP SYSTEM IMPLEMENTATION
DIVISION(S)/SECTION: ADMIN / DATA UNIT
STRATEGIC GOAL(S): ORGANIZATION EFFECTIVENESS, EFFICIENCY, AND RESILIENCY

STATUS: INTERVENTION NEEDED
REPORT MONTHS: JULY 2023 - DECEMBER 2023
LEAD(S): ANDY CHIU
TEAM: LAUREN MCCALL, JASON LEUNG, THOMAS MA

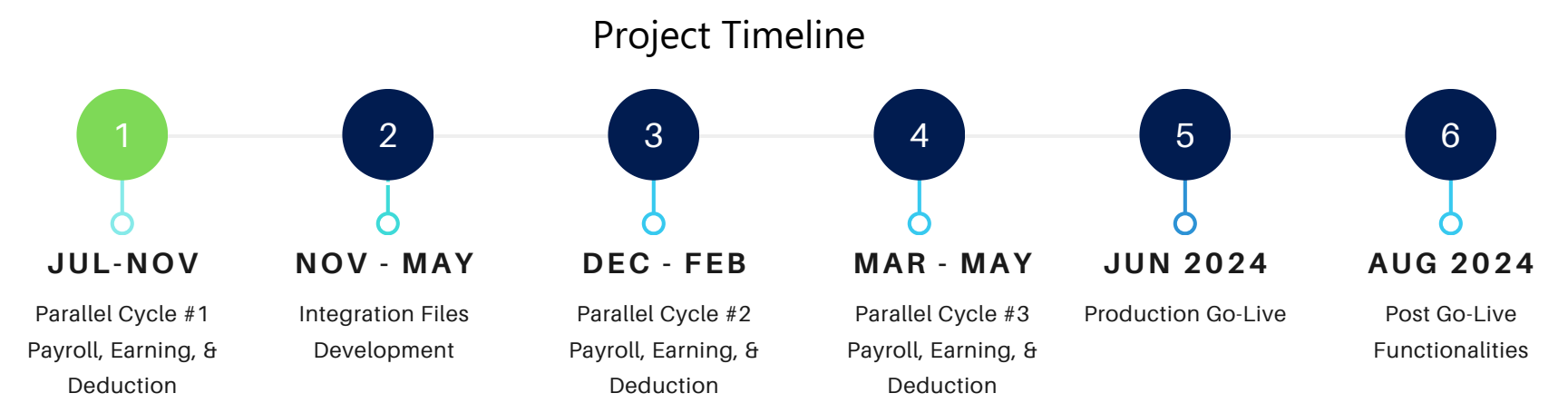
BUDGET

Appropriation: \$120,000
Expense: \$0
Unspent: \$120,000
*\$139k spent on PAS development to date

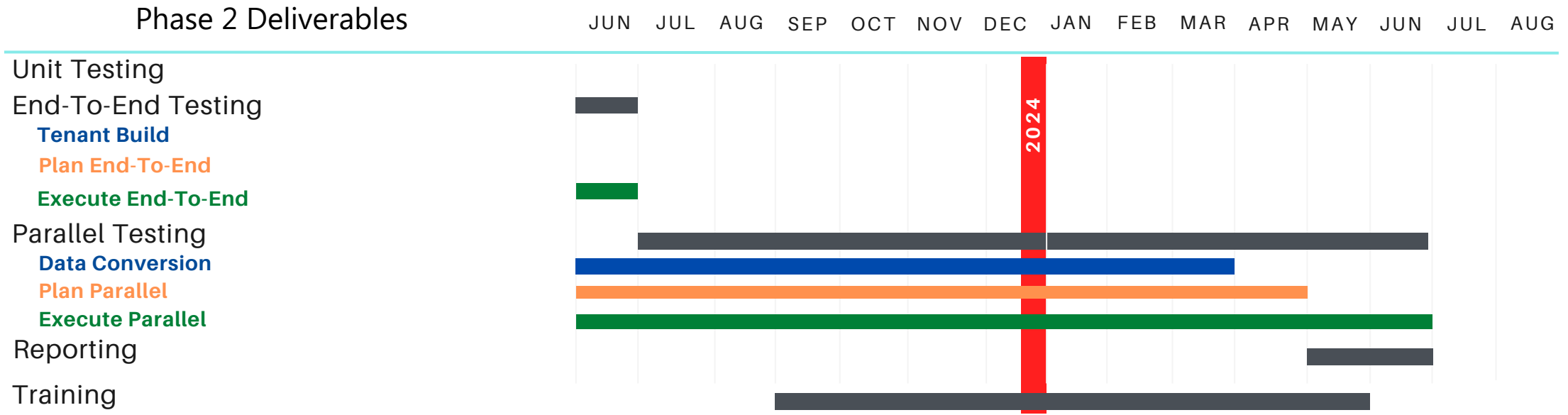


INITIATIVE PURPOSE: GO-LIVE OF THE HUMAN RESOURCES & PAYROLL (HRP) PLATFORM WITH DEPLOYMENT OF PAYROLL FUNCTIONALITIES, INTEGRATED WITH THE PENSION SOFTWARE.

KEY METRICS



Phase 2 Deliverables



MILESTONES

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Parallel Cycle #1	Deduction Testing	Deduction Testing		
Parallel Cycle #2		Gross Salary Testing	Deduction Testing	
Integration Files		Guidebook	INT046, INT093, INT123	Deployment
Training		Pre-Training	Online Training	Staff Training

PROGRESS

- Guidebook.** Developed supplemental reference for INT046 design document with various scenarios and actual coding.
- Deduction Testing.** Resolved over 96% of exceptions from 30K down to 1,137, comprised of health defrayal, ERIP, death benefit, and retirement contribution.
- Integration Files.** Over 75% data mapped for INT046 transmittal file, and approximately 90% programming completed for INT123 deduction interface.

CHALLENGES

- Limited Resource.** Integration files are developed in-house, mostly handled by a single staff in the HRP team, resulting in slower progress and response timeliness.
- Project Planning.** Deferred project go-live, and abrupt transition from Parallel Cycle #1 to Parallel Cycle #2 without proper planning, requiring staff to complete a data load of PP1 & PP2 within a short timeframe.
- Testing & Support.** Limited activities in resolving the deduction defects, as 50 support tickets were submitted, but only 3 defects were resolved.
- Data Integrity.** Data conversion has not been completed, resulting in missing and inaccurate data, alongside deferral of test scenarios.

NEXT STEPS

- Resource Expansion.** Additional resources are allocated for subsequent quarters, with expectation for timely development of integration files.
- Parallel Cycle #2.** User testing transition from compensation to deductions in near term as related to PP1 & PP2.

INITIATIVE: CITY HRP SYSTEM IMPLEMENTATION
DIVISION(S)/SECTION: ADMIN / DATA UNIT
STRATEGIC GOAL(S): ORGANIZATIONAL EFFECTIVENESS, EFFICIENCY & RESILIENCY

REPORT MONTHS: JULY 2023 – DECEMBER 2023
LEAD(S): ANDY CHIU
TEAM: LAUREN MCCALL, JASON LEUNG, THOMAS MA

INITIATIVE PURPOSE: GO-LIVE OF THE HUMAN RESOURCES & PAYROLL (HRP) PLATFORM WITH DEPLOYMENT OF PAYROLL FUNCTIONALITIES, INTEGRATED WITH THE PENSION SOFTWARE.

PROGRESS

In response to an HRP update report in October, the Board supported staff aims of seeking additional staffing resources and postponement of HRP launch date. Now, the HRP Team has deferred project go-live to June 2024. With the additional six months, LACERS shall continue working strenuously on various work streams such as parallel testing, data conversion, and integration files. Mostly, the project is going well with many recent accomplishments.

Guidebook

LACERS crafted a supplemental reference guide for INT046 titled, "INT046 Guidebook." The guidebook details the data maps, salary calculations, and various scenarios, alongside actual coding. The document of over thirty pages, is referenced by HRP Team, for programming the integration file.

Parallel Cycle #1

Parallel testers made great progress in the second quarter. Parallel Cycle #1 started with 30K exceptions, reduced to 4%, or 1,137 exceptions as the balance in the latest report on December 2023.

Integration Files

Integration files progressed nicely during the latter part of the calendar year. For INT046, over 75%, or 66 data have been successfully mapped from HRP. Mainly, INT046 is the lifeblood of the pension software, comprised of payroll information for active members. The HRP Team has completed over 90% of programming for INT123, which synchronizes voluntary deductions and service purchase contracts from pension software to HRP.

CHALLENGES

LACERS faced many challenges in Parallel Cycle #1, with expectation of resolving these issues in near term, as the HRP Team intends to expand necessary resources in subsequent quarters.

Limited Resource.

INT046 was developed in-house and mostly handled by one ITA staff. This limited resource resulted in deficiencies with producing complex programming of various scenarios relating to salaries and adjustments.

Project Planning.

The transition to Parallel Cycle #2 was abrupt, providing testers limited time to react and prepare. The process lacked proper planning, requiring LACERS to quickly produce a data load of PP1 & PP2, for Parallel Cycle #2.

Testing & Support.

Over 50 support tickets were submitted during Parallel Cycle #1. However, only 3 tickets were reviewed and resolved, despite the great progress in reducing the number of exceptions.

Data Integrity.

The parallel process was met with missing and inaccurate data for various members. The integrity of data impacts parallel tests, and integration files.

NEXT STEPS

LACERS will continue to prioritize work activities, and fulfill roles as necessary for the various work streams.

- Resource Expansion. HRP has established additional resources for development of the integration files. LACERS shall work closely with the assigned HRP engineer in development of the INT046 file. Additionally, Board has supported supplemental staffing for HRP pre and post go live support, though hiring has been delayed due to lack of adequate city hiring lists
- Parallel Cycle #2. LACERS participation in compensation review, and deduction testing for PP1 and PP2. Parallel Cycle #2 involves data load, with LACERS review of the processed pay inputs.

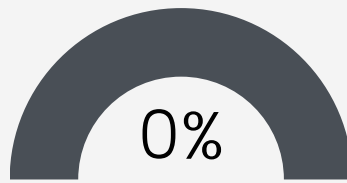
INITIATIVE: [NAME OF BUSINESS PLAN INITIATIVE]
DIVISION(S)/SECTION: [DIVISION NAME/SECTION UNIT]
STRATEGIC GOAL(S): [ASSOCIATED STRATEGIC GOAL AREAS]

COMPLETED
ON-TRACK
OFF-TRACK
INTERVENTION NEEDED

STATUS: **ON TRACK**
REPORT MONTHS: [REPORTING MONTHS AND YEAR]
LEAD(S): [FIRST AND LAST NAMES]
TEAM: [FIRST AND LAST NAMES]

BUDGET

Appropriation:	\$40,000
Expense:	\$0
Unspent:	\$40,000



INITIATIVE PURPOSE: [BRIEF DESCRIPTION]

KEY METRICS

[Provide measurements of successful implementation]

MILESTONES

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
[Milestone #1]				
[Milestone #2]				
[Milestone #3]				
[Milestone #4]				

PROGRESS

- [Part of narrative. What has been done so far during the reporting months?]

CHALLENGES

- [Part of narrative. What challenges have been encountered during the reporting months? Consider the operational or business impact and recommendation of a solution or action.]

NEXT STEPS

- [Part of narrative. What are the next steps in advancing the BPI?]