

RESOLUTION

WHEREAS, the Council of the City of Los Angeles has adopted a resolution to place a Charter amendment regarding the enrollment of Airport peace officers in the Fire and Police Pensions System before the qualified voters of the City of Los Angeles at a Special Election to be called and consolidated with the State General Election held on November 8, 2016; and

WHEREAS, the City Election Code requires that the City Attorney prepare and present a ballot title and question consisting of an impartial statement of the measure; and

WHEREAS, the City Attorney has presented the following ballot title and question for the proposed measure:

CITY OF LOS ANGELES FIRE AND POLICE PENSIONS; AIRPORT PEACE OFFICERS. CHARTER AMENDMENT __.

Shall the Charter be amended to: (1) enroll new Airport peace officers into Tier 6 of the Fire and Police Pensions System; (2) allow current Airport peace officers to transfer into Tier 6 from the City Employees' Retirement System (LACERS) at their own expense; and (3) permit new Airport Police Chiefs to enroll in LACERS?

NOW, THEREFORE, BE IT RESOLVED that the ballot title and question presented by the City Attorney be adopted by the City Council.

I hereby certify that the foregoing Resolution was adopted by the Council of the City of Los Angeles at its meeting held on July 1, 2016.



HOLLY WOLCOTT, City Clerk

By *Eubra* Deputy

C.F. No. 16-1800-51

RESOLUTION

Resolution providing that a ballot measure be submitted to the qualified voters of the City of Los Angeles.

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF LOS ANGELES AS FOLLOWS:

Section A. The following amendment to the Charter of the City of Los Angeles is hereby proposed to be submitted to the qualified voters of the City of Los Angeles at a Special Election to be called and consolidated with the State General Election held on November 8, 2016:

CHARTER AMENDMENT __

Section 1. Subsection (e) of Section 1202 of the Charter of the City of Los Angeles is amended to read as follows:

(e) **Department Member.** A person who is a sworn Member of the Fire Department or a sworn Member of the Police Department, as those terms are defined for each Tier. This term also includes a person who is a sworn Member of the Harbor Department who qualifies for membership in the Plan pursuant to the provisions of any Tier of the Plan, but shall not include any sworn employee of the Harbor Department who was appointed prior to January 8, 2006 and remained a member of the Los Angeles City Employees' Retirement System. Additionally, this term includes a person who is a sworn Member of the Airport Department who qualifies for membership in the Plan pursuant to the provisions of any Tier of the Plan, but shall not include any employee of the Airport Department who was appointed prior to January 7, 2018 and was eligible to make the election authorized by Charter Section 1704 but remained a member of the Los Angeles City Employees' Retirement System.

Sec. 2. Subsection (a) of Section 1700 of the Charter of the City of Los Angeles is amended to read as follows:

(a) **Appointed Chief.** A Chief of Police, a Fire Chief, or a Port Warden (Chief) who is appointed to that position on or after July 1, 2011, and a Chief of the Airport Police who is appointed to that position on or after January 7, 2018, and who is neither a Plan Member nor a Retired Plan Member at the time of appointment, shall become a Tier 6 Plan Member upon appointment unless, within seven calendar days of appointment, he or she files a written opt out election with the Department of Fire and Police Pensions to elect to become a member of the Los Angeles City Employees' Retirement System (LACERS) in lieu of membership in Tier 6. A Chief who is appointed to that position on or after July 1, 2011 and is already a Department Member on the day of his or her appointment, shall continue to be a member of the Tier to which he or she belonged prior to appointment as Chief. A Retired Plan Member who is appointed to the position of a Chief on or after July 1, 2011, shall become a member of

LACERS at the time of appointment, rather than a Tier 6 Plan Member, and shall continue to receive all benefits to which he or she is entitled as a Retired Plan Member, but shall not accrue any additional right to benefits from the Plan by virtue of his or her employment as a Chief.

Sec. 3. A new Subdivision (5) is added to subsection (c) Section 1700 of the Charter of the City of Los Angeles to read as follows:

(5) A person appointed to a sworn position with the Airport Department or Fire Department on or after January 7, 2018, who did not elect to transfer into Tier 6 and remained a member of LACERS, if subsequently appointed without a break in Airport Department service to an Airport Department sworn position or a Fire Department sworn position that would otherwise qualify him or her for membership in Tier 6, shall not become a member of Tier 6 upon appointment, but shall remain a LACERS member.

Sec. 4. Subsection (d) of Section 1700 of the Charter of the City of Los Angeles is amended to read as follows:

(d) **Former Members.** Any former member of any Tier, who ceased to be a member as a result of resignation or discharge and who subsequently is reappointed as a Department Member on or after July 1, 2011, shall become a Tier 6 Member. In the event such person did not receive a refund of contributions for his or her prior service, the definition of "Years of Service" contained in this Tier 6 shall be controlling with respect to such person's entitlement to service credit and such person need not make back contributions on account of such former service. In the event that the member had no right to a refund of contributions from his or her former Tier, then he or she shall not have any right to have contributions formerly made by him or her under the provisions of a former Tier refunded in the event he or she should subsequently terminate as a Plan Member. In the event such person received a refund of his or her contributions as a result of his or her termination, then such person's entitlement to Years of Service credit for the period of such former service shall be conditioned upon such person electing to repay and having paid to the Fire and Police Pension Plan the amount of previously refunded contributions, with interest thereon in an amount calculated as interest which would have been earned between the date of such termination and the date of entry into service as a Plan Member in accordance with rules adopted by the Board. In the event such member does not elect to so repay, the term Years of Service as elsewhere used in this Tier 6 shall not include any periods prior to his or her reappointment, notwithstanding the definitions contained in Section 1702(q) and (r).

Sec. 5. A new subsection (f) is added to Section 1700 of the Charter of the City of Los Angeles to read as follows:

(f) **Airport Department Members.** In addition to those Department Members described in Subsection (b) of this section, the following persons qualify for membership in Tier 6 as provided below:

(1) **Persons Appointed On or After January 7, 2018.** Each person appointed on or after January 7, 2018, as a Member of the Airport Department, as defined in Section 1702(d), shall become a Tier 6 Plan Member upon graduation by the person from academy training required by the Airport Department. Upon becoming a Tier 6 Plan Member, a member may elect to purchase Years of Service credit for the academy training period in accordance with rules adopted by the Board, provided that only academy training time during which the person was a member of the Pension Savings Plan for Part-time, Seasonal and Temporary Employees is eligible for purchase. An Airport Police Chief appointed on or after January 7, 2018, may irrevocably elect in writing at the time of appointment not to become a member of Tier 6, provided that he or she meets the eligibility requirements for such election as set forth in Section 1700(a).

(2) **Persons Appointed Prior to January 7, 2018.** A person appointed prior to January 7, 2018 as a Member of the Airport Department, as defined in Section 1702(d), and who is employed on that date as a Member of the Airport Department, as defined in Section 1702(d), may make an irrevocable election in writing to become a Tier 6 Plan Member in lieu of membership in LACERS, on the terms and conditions set forth below and in any ordinance adopted by the City Council to implement this provision, provided that no person shall become a Tier 6 Plan Member until he or she has completed the academy training required by the Airport Department. A person who does not file an election within the period specified below shall continue as a LACERS member and shall remain a LACERS member if subsequently appointed without a break in Airport Department service to an Airport Department sworn position, or Fire Department sworn position that would otherwise require him or her to become a Tier 6 Plan Member.

All elections made pursuant to this Subdivision (2) must meet the requirements of the ordinance adopted by Council, as authorized by Section 1704, to govern the election, including all related requirements governing service purchases, contributions, and the cost of the election.

For purposes of Sections 1706 and 1708, relating to Tier 6 Disability Pensions and Tier 6 Survivorship Pensions, and Section 1212, relating to the effect of a Department Member's receipt of Worker's Compensation, a Tier 6 Plan Member who transfers under Subdivision (2) of this Section, Section 1704 and the ordinance adopted by the Council as authorized by Section 1704, shall be considered a Department Member as defined in Section 1202(e) during all employment periods for which the member receives Years of Service credit pursuant to Section 1704 and the ordinance adopted by the Council as authorized by Section 1704, notwithstanding that the person was not an actual Tier 6 Plan Member at the time of employment. The intent of this provision is that the person shall be considered a Department Member at the time of employment for purposes of these sections, so that the amount of any disability or

survivorship pension granted pursuant to the provisions of Tier 6 shall be reduced as provided in Section 1212.

Sec. 6. Subsections (d), (e), (f), (g), (h), (i), (j), (k), (l), (m), (n), (o), (p), (q), and (r) of Section 1702 of the Charter of the City of Los Angeles are redesignated as subsections (e), (f), (g), (h), (i), (j), (k), (l), (m), (n), (o), (p), (q), (r) and (s), respectively.

Sec. 7. A new subsection (d) is added to Section 1702 of the Charter of the City of Los Angeles to read as follows:

(d) **Member of the Airport Department.** Member of the Airport Department means the Chief of the Airport Police, the Assistant Chief of the Airport Police, the Chief Airport Safety Officer, and a person duly and regularly appointed, under civil service rules and regulations or provisions of the Charter, or both, governing the making of original regular and permanent appointments which require the serving of probationary periods but not of original emergency or temporary appointments therein, and sworn in, as provided by Penal Code Section 830.1, to perform police or firefighting duties for the Airport Department, under whatever designation such person may be described in any salary or departmental ordinance providing salaries for members of the department, but such person shall be a member of the department only until his or her status as such shall be terminated by reason of his or her retirement, resignation or discharge or for any other reason.

Sec. 8. The first paragraph of Subsection (q) of Section 1702 of the Charter of the City of Los Angeles is amended to read as follows:

(p) **Years of Service.** Years of Service means and includes only those periods during or for which the Plan Member was a Department Member of the Fire Department, a Department Member of the Police Department, a Department Member of the Harbor Department, or a Department Member of the Airport Department, and whether prior to or after his or her becoming a Tier 6 Plan Member and subject to the limitations contained in Section 1700 of this Tier 6:

Sec. 9. Subsection (a) of Section 1703 of the Charter of the City of Los Angeles is amended to read as follows:

(a) **Council Authority.** The Council may, by ordinance adopted in accordance with the provisions of this section, allow police personnel who are transferred to the Police Department from the Department of General Services and gain status in one of the following Class Codes 2214, 2217, 2223, 2227, 2232, and 2244 to transfer prior sworn service with the City from the Los Angeles City Employees' Retirement System (LACERS) to Tier 6 after they become members of the Plan pursuant to the applicable provisions of the Charter and the Los Angeles Administrative Code. Notwithstanding the provisions of Section 1702(q), transferred service may count as Years of Service for all Tier 6 purposes.

Sec. 10. Section 1704 of the Charter of the City of Los Angeles is redesignated as Section 1705.

Sec. 11. A new Section 1704 is added to the Charter of the City of Los Angeles to read as follows:

Sec. 1704. Authority of City Council to Allow Transfer of Airport Peace Personnel to Tier 6 and to Allow Transferring Personnel to Purchase Prior City Service.

(a) **Council Authority.** The Council may, by ordinance adopted in accordance with the provisions of this Section, and pursuant to applicable provisions of the Charter and the Los Angeles Administrative Code, allow a person who entered City service prior to January 7, 2018, as a Member of the Airport Department, as defined in Section 1702(d), to become a Tier 6 Plan Member in lieu of membership in the Los Angeles City Employees' Retirement System (LACERS), and to transfer all prior City service from LACERS to Tier 6 after he or she becomes a member of the Plan, provided such person shall continue to make member contributions at the rate applicable to his or her LACERS membership to the extent required by the Internal Revenue Code and as further described in Section 1714(a)(3). Notwithstanding the provisions of Section 1702(q), service transferred pursuant to this Section and the implementing ordinance adopted by Council shall count as Years of Service for all Tier 6 purposes.

(b) **Limitations on Service Purchases.** The authority given to the Council to allow the transfer of prior service is specifically limited as follows:

(1) **Purchases Shall Be Cost Neutral.** The member shall be required to pay the full actuarial cost of the service to be transferred, as determined by the Plan's actuary without taking into consideration incidental administrative expenses incurred by the Plan, reduced by the amount of any funds transferred from LACERS to the Plan in connection with the transferred service.

(2) **All Prior Service Must Be Transferred.** As a condition of making the election to transfer from LACERS to the Plan, a member must transfer all prior service from LACERS to the Plan, including prior City service earned as a contributing member of LACERS and any service purchased from LACERS, and pay the full actuarial cost of the service to be transferred, as determined by the Plan's actuary and pursuant to requirements of the ordinance adopted in accordance with this Section.

(3) **Election and Service Purchase Shall Be Irrevocable.** A member's election to enter Tier 6 membership shall be irrevocable after January 7, 2018. A member's agreement to purchase his or her prior service shall be nonrefundable. Neither the Council nor the Board shall have the authority to revoke or refund a member's election or purchase, or to allow transfers after January 7, 2018.

(c) **Mode of Adoption.** Ordinances adopted pursuant to this section shall be adopted in the same manner as provided in Section 1618(b), but the Council shall be advised in writing by an enrolled actuary as to the cost of the proposed change.

Sec. 12. Subsections (a) and (b) of Section 1706 of the Charter of the City of Los Angeles is amended to read as follows:

(a) **Service-Connected Disability.** Upon the filing of his or her written application for a disability pension or upon the filing of a written request therefore by or on behalf of the head of the department in which he or she is a Department Member, any Tier 6 Plan Member whom the Board shall determine has become physically or mentally incapacitated by reason of injuries received or sickness caused by the discharge of the duties of such person as a Department Member, and who is incapable as a result thereof from performing his or her assigned duties, or those to which he or she would be assigned within the Plan Member's civil service classification if returned to duty, shall be retired by order of the Board from further active duty as a Department Member.

A Tier 6 Plan Member's incapacity is caused by the discharge of his or her duties if there is clear and convincing evidence that the discharge of the Plan Member's duties is the predominant cause of the incapacity.

A Tier 6 Plan Member retired under the provisions of this subsection shall be paid thereafter a monthly service-connected disability pension in an amount which shall be equal to the same percentage of the Plan Member's Final Average Salary as the Board shall determine, from time to time, to be the percentage of his or her disability. Such pension shall be in an amount of not less than 30% and not more than 90% of the Retired Tier 6 Plan Member's Final Average Salary, but in no case shall the pension be less than the equivalent of 2% of Final Average Salary for each Year of Service of the Retired Tier 6 Plan Member.

No Retired Tier 6 Plan Member, while retired pursuant to this subsection, ever shall be paid any pension pursuant to Section 1705 or subsection (b) of this section.

(b) **Nonservice-Connected Disability.** Upon the filing of his or her written application for a disability pension by a Tier 6 Plan Member who shall have five Years of Service or more, or upon the filing of a written request therefore with respect to such a Tier 6 Plan Member by or on behalf of the head of the department in which he or she is a Department Member, any Tier 6 Plan Member whom the Board shall determine has become physically or mentally incapacitated by reason of injuries or sickness other than injuries received or sickness caused by the discharge of the duties of such person as a Department Member, and who is incapable as a result thereof from performing his or her assigned duties or those to which he or she would be assigned within the Plan Member's civil service classification if returned to duty, shall be retired by order of the Board from further active duty as a Department Member. As a further condition of entitlement to such a pension, the Board shall also determine that such disability was not principally due to

or caused by voluntary action of the Plan Member intended to entitle him or her to a nonservice-connected disability pension.

A Tier 6 Plan Member retired under the provisions of this subsection shall be paid thereafter a monthly nonservice-connected disability pension in an amount which shall be equal to the same percentage of the Retired Tier 6 Plan Member's Final Average Salary as the Board shall determine, from time to time, to be the percentage of his or her disability, but such pension shall be in an amount of not less than 30% and not more than 50% of the Retired Tier 6 Plan Member's Final Average Salary.

No Retired Tier 6 Plan Member, while retired pursuant to this subsection, ever shall be paid any pension pursuant either to Section 1705 or to subsection (a) of this section.

Sec. 13. Section 1707 of the Charter of the City of Los Angeles is amended to read as follows:

Any former Tier 6 Plan Member, who became such because of termination of his or her employment for any reason including retirement, who shall believe that he or she is eligible to be paid a pension pursuant to Section 1705 or 1706 of this Tier 6, may file his or her written application for the payment of a pension pursuant to either one of these sections within one year from the date he or she ceased to be a Plan Member, and the Board, if it were to determine that the contingencies provided in this Tier 6 for the payment thereof had happened or occurred as to such former Plan Member prior to the date upon which he or she had ceased to be a Plan Member and if there is no legal bar or defense to the granting to him or her of such pension or to any judicial action or proceeding which could be brought by him or her with respect thereto, shall grant him or her the pension in accordance with his or her written application.

Sec. 14. Subdivision (3) of Subsection (a) of Section 1708 of the Charter of the City of Los Angeles is amended to read as follows:

(3) *Tier 6 Retired Plan Member's Death While on a Service Pension.* The Qualified Survivor of a Retired Tier 6 Plan Member, who shall die while he or she is receiving a pension pursuant to Section 1705, shall be paid for life a monthly pension in an amount which shall be equal to 70% of the pension received by the deceased Retired Tier 6 Plan Member immediately preceding the date of his or her death. The benefit described in this subsection (a)(3) may be modified as provided in subsection (b) of this section.

Sec. 15. Subsection (b) of Section 1708 of the Charter of the City of Los Angeles is amended to read as follows:

(b) **Optional Pensions for Qualified Survivor.** At any time before the first payment of a service pension, a service-connected disability pension, or a nonservice-connected disability pension, the Tier 6 Plan Member may elect to receive, in lieu of his

or her pension as provided in Section 1705 or Section 1706, the actuarial equivalent at that time of such pension and of the pension for the Qualified Survivor, as provided in subsection (a) of this section, by electing an optional pension payable throughout the balance of his or her life, with the provisions that upon his or her death such optional pension shall be continued to the Tier 6 Plan Member's Qualified Survivor in the proportional amount designated by the Plan Member at the time of election of the option provided by this section.

The amount of such optional pension shall be so calculated that the liability of the Fire and Police Pension Plan at the date of retirement under the optional pension shall be equal to the liability of the Fire and Police Pension Plan at the same date under the pension awarded in accordance with the provisions of Section 1705 or Section 1706 and of the survivorship pension provided by subsection (a) of this section. For the purpose of this section, the liability of the Fire and Police Pension Plan is defined as the present value, in accordance with tables adopted by the Board, of the pensions or optional pensions calculated by approved actuarial methods, and recommended by the Board's actuary. In determining the actuarial equivalent of the pension for a Qualified Survivor as provided pursuant to subsection (a)(4) of this section, the equivalent of a survivorship pension of 80% of the retiree's pension shall be used in all cases.

The optional amounts, calculated in accordance with the foregoing paragraph, shall provide a range of optional values such that the amount to be paid to the Qualified Survivor of the Plan Member shall range from 75% to 100% of the pension payable to the Tier 6 Plan Member, varying by increments of 5%.

If a Retired Tier 6 Plan Member, previously retired on a disability pension pursuant to the provisions of Section 1706, should be reinstated to active duty upon termination of his or her disability, the election to receive the optional pension as herein provided, shall be deemed cancelled as of the effective date of such reinstatement.

A Retired Tier 6 Plan Member, previously retired on a disability pension pursuant to the provisions of Section 1706, shall have the right to cancel any option previously elected by him or her pursuant to the provisions of this subsection in the event his or her pension is subsequently adjusted as provided for in Section 1706.

The Board shall by rule provide for a method in which the election to receive an optional pension shall be exercised.

Sec. 16. Subdivision (2) of Subsection (b) of Section 1710 of the Charter of the City of Los Angeles is amended to read as follows:

(2) all contributions and donations to the Fire Department, the Police Department, the Harbor Department, or the Airport Department, for services by any Tier 6 Plan Members, except amounts of money donated to provide for any medal or permanent competitive award

Sec. 17. Subsection (d) of Section 1710 of the Charter of the City of Los Angeles is amended to read as follows:

(d) **Use of Funds.** The monies in the Fire and Police Tier 6 Service Pension Fund shall be used, other than for the investment thereof, exclusively for the payment of service pensions granted pursuant to Section 1705 and for the refund of contributions as provided in this Tier 6 and such uses as may be authorized by Sections 1220(b) and Section 1220(c), subject to the limitations contained in Section 1220(d). The monies in the Fire and Police Tier 6 General Pension Fund shall be used, other than for the investment thereof, exclusively for the payment of all pensions other than service pensions, such benefits as may be provided by ordinance adopted pursuant to the enabling provisions contained in Section 1718, and such other uses as authorized by Charter Section 1220(b) and (c).

Sec. 18. The second paragraph of Subdivision (2) Subsection (a) of Section 1714 of the Charter of the City of Los Angeles is amended to read as follows:

For purposes of determining the amount of these deductions, Salary shall mean those elements of a Tier 6 Plan Member's compensation which would be included in calculating Final Average Salary. The administrative heads of the Fire Department, Police Department, Harbor Department, and Airport Department, shall cause to be shown on each and every payroll of such departments all deductions that are required to be made pursuant to this subsection for Department Members who are Tier 6 Plan Members. All references in Tier 6 to contributions shall be deemed to include both regular contributions and additional contributions, unless a different meaning is clearly indicated in the context.

Sec. 19. A new Subdivision (3) is added to Subsection (a) of Section 1714 of the Charter of the City of Los Angeles is amended to read as follows:

(3) *Internal Revenue Code Requirements for Contributions by Members Who Transferred From LACERS Pursuant to Section 1704.* Notwithstanding any language in subsection (a) to the contrary, a Tier 6 Plan Member who elected to transfer into the Plan and purchase his or her prior LACERS service pursuant to Charter Section 1704 and the ordinance adopted in accordance therewith shall continue to make member contributions at the rate applicable to his or her LACERS membership to the extent required by the Internal Revenue Code, provided however: (i) if this subsection (a) would otherwise require additional member contributions by such a member, such additional member contributions shall be made by the member on an after-tax basis to the extent required by the Internal Revenue Code; and (ii) provided further, if this subsection (a) would otherwise require member contributions at a rate that is lower than the rate applicable to the member's LACERS membership, the Council may, by ordinance adopted in accordance with the provisions of this Section, and pursuant to applicable provisions of the Charter and the Los Angeles Administrative Code, provide for a larger annuity benefit at the time of

retirement for such a member to reflect the additional contribution amounts, as determined by the actuary and subject to all limitations of the Internal Revenue Code.

Sec. 20. Subdivision (3) of Subsection (c) of Section 1716 of the Charter of the City of Los Angeles is amended to read as follows:

(3) *Pensions Eligible for Adjustment.* Discretionary adjustments herein provided shall be applied to pensions granted pursuant to Sections 1705, 1706 and 1708 subject to the following limitations: If a pension became payable on or after July 1 immediately preceding the effective date of such adjustment, it shall not be so adjusted; and any pension which shall have become payable at a time within the three year period (but prior to the immediately preceding July 1), shall be prorated on a monthly basis to the number of completed months for which the pension was received, provided that pensions paid pursuant to Section 1708(a)(3), (4) or (5), or Section 1708(c), (d) or (e), shall be adjusted by basing eligibility on the date upon which the Retired Plan Member's pension became effective.

Sec. 21. Subdivision (1) of Subsection (b) of Section 1724 of the Charter of the City of Los Angeles is amended to read as follows:

(1) *Service Retirement and Former Rank.* That his or her original retirement had been pursuant to Section 1705 and had been from the Fire Department while holding a rank lower than Fire Chief or from the Police Department while holding a rank lower than Chief of Police or from the Harbor Department while holding a rank lower than Port Warden;

Sec. B. The City Clerk is hereby authorized and directed to publish a notice containing the proposed ballot measure, specifying the date of November 8, 2016, as the date the measure is to be voted upon by the qualified voters of the City of Los Angeles. The notice shall be published once in a newspaper of general circulation in the City of Los Angeles, and in each edition thereof during that day of publication. The City Clerk is authorized and directed to prepare and keep in the City Clerk's office a sufficient supply of copies of the proposed ballot measure and to distribute the proposed ballot measure to any and all persons requesting a copy. Further, the City Clerk is authorized and directed to mail copies of the proposed ballot measure to each of the qualified voters in the City of Los Angeles.

Sec. C. The City Clerk is hereby authorized and directed to cause a notice to be published once in a newspaper of general circulation that copies of voter information pamphlets containing the proposed ballot measure may be obtained upon request in the City Clerk's office.

Sec. D. The City Clerk shall file a duly certified copy of this Resolution forthwith with the Board of Supervisors and with the Register-Recorder of the County of Los Angeles.

I hereby certify that the foregoing Resolution was adopted by the Council of the City of Los Angeles at its meeting held on July 1, 2016.



HOLLY WOLCOTT, City Clerk

By *Eulow*
Deputy

Approved as to Form and Legality

MICHAEL N. FEUER, City Attorney

By *Alan L. Manning*
ALAN L. MANNING
Assistant City Attorney

Date *June 23, 2016*

C.F. No. *16-1800-S1*

Ballot Summary

TITLE:

CITY OF LOS ANGELES FIRE AND POLICE PENSIONS; AIRPORT PEACE OFFICERS.

THE ISSUE:

Shall the Charter be amended to: (1) enroll new Airport peace officers into Tier 6 of the Los Angeles Fire and Police Pensions Plan (LAFPP); (2) allow current Airport peace officers to transfer into Tier 6 from the Los Angeles City Employees' Retirement System (LACERS) at their own expense; and (3) permit new Airport Police Chiefs to enroll in LACERS?

THE SITUATION:

Sworn peace officers who perform police and firefighting duties for the Airport Department are currently members of LACERS, which provides retirement benefits primarily for civilian employees. LAFPP provides retirement benefits for sworn employees of the Los Angeles Police Department, Fire Department, and the Harbor Department. Tier 6 is the current LAFPP benefits plan provided to new employees. Both plans are funded from employee contributions, City contributions, and retirement plan investments.

THE PROPOSAL:

This measure would:

- Enroll all Airport peace officers hired on or after January 7, 2018 into Tier 6 of LAFPP;
- Allow those hired earlier to transfer into Tier 6 at their own expense; and
- Allow new Airport Police Chiefs who are not already members of LAFPP to enroll in LACERS.

A YES VOTE MEANS:

You want all new Airport peace officers to be enrolled in LAFPP, allow current Airport peace officers to transfer to LAFPP at their expense, and allow new Airport Police Chiefs the option to enroll in LACERS.

A NO VOTE MEANS:

You do not want all new Airport peace officers to be enrolled in LAFPP, allow current Airport peace officers to transfer to LAFPP at their expense, and allow new Airport Police Chiefs the option to enroll in LACERS.

**CITY OF LOS ANGELES FIRE AND POLICE PENSIONS;
AIRPORT PEACE OFFICERS**

**IMPARTIAL SUMMARY
BY SHARON M. TSO, CHIEF LEGISLATIVE ANALYST**

This measure would amend the Los Angeles City Charter (Charter) to: 1) enroll all City employees appointed on or after January 7, 2018 as sworn peace officers who perform police or firefighting duties for the Airports Department in Tier 6 of the sworn employee retirement system; 2) give any Airports Department Chief of Police appointed on or after January 7, 2018 who is not already a member of the sworn retirement system the option to enroll in the City's civilian retirement plan; and, 3) allow sworn peace officers appointed to the Airports Department prior to January 7, 2018 the option to transfer from the City's civilian employee retirement plan to Tier 6 of the sworn employee retirement system, at their expense.

Since 1946, when the Los Angeles Airport was transferred from the U.S. War Department to the City of Los Angeles, airport security has been provided by Airport Police Officers and Airport Safety Officers (collectively, Airport Peace Officers). Airport Police Officers have full peace officer status with police powers equivalent to those of Los Angeles Police Department (LAPD) officers. Airport Safety Officers are also sworn peace officers who perform firefighting and rescue operations. Today, the Los Angeles Airport Police Department is staffed by 550 sworn officers.

Currently, all Airport Peace Officers who perform police and firefighting duties for the Airports Department are members of the City's civilian retirement plan, the Los Angeles City Employees' Retirement System (LACERS). Sworn LAPD officers, Los Angeles Fire Department firefighters and paramedics, and Harbor Department peace officers are members of the sworn retirement system, the Los Angeles Fire and Police Pensions Plan (LAFPP).

The proposed Charter amendment would automatically enroll in Tier 6 of the LAFPP Airport Peace Officers who are appointed on or after January 7, 2018 to perform police and firefighting duties for the Airports Department. In addition, any Airport Chief of Police appointed on or after January 7, 2018 who is not already a current or retired member of the LAFPP may choose to join LACERS instead of the LAFPP, an option currently available to the LAPD Chief of Police, Fire Chief, and the Harbor Department Chief of Police.

The proposed Charter amendment would also give Airport Peace Officers appointed to the Airports Department before January 7, 2018 the option to transfer their retirement benefits from LACERS to Tier 6 of the LAFPP, at their expense. Any transfer between retirement plans must be cost neutral and the transferring employee will be required to pay the full actuarial cost of the service to be transferred. To the extent required by the Internal Revenue Code and applicable tax law, Airport Peace Officers who elect to transfer to the LAFPP would be required to continue to make member contributions at the rate applicable to their LACERS membership.

This Charter Amendment will become effective if approved by a majority of voters.

Proposed
City of Los Angeles Fire and Police Pensions; Airport Peace Officers
November 8, 2016

By Miguel A. Santana
City Administrative Officer
FINANCIAL IMPACT STATEMENT

This proposition enrolls new Airport Peace Officers into the Los Angeles Fire and Police Pension (LAFPP) and allows current Officers to voluntarily transfer into LAFPP from the Los Angeles City Employees' Retirement System (LACERS). Officers electing to transfer into LAFPP must each pay the full costs associated with all prior LACERS years of service.

According to an independent actuarial analysis, the City's annual cost of providing future retirement benefits (normal cost) for current and new Officers joining LAFPP will be 14 to 19 percent higher than if these same Officers were with LACERS. This increase represents \$140,000 to \$190,000 for every \$1 million of total payroll of current and new Officers joining LAFPP. The actual annual cost increase will depend on the number of Officers joining LAFPP. The Airports Department, not the City's General Fund, will pay all future employer contributions to LAFPP for these Officers.