

Contact Information

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The Board approved this CIS by a vote of: Yea(9) Nay(1) Abstain(0) Ineligible(1) Recusal(0)

Date of NC Board Action: 06-04-2018

Type of NC Board Action: For

Impact Information

Date: 08/28/2018

Update to a Previous Input: Yes

Directed To: City Council and Committees

Council File Number: 18-0117

Agenda Date: 06-04-2018

Item Number: 6.c

Summary:



MACARTHUR PARK NEIGHBORHOOD COUNCIL

685 S. Carondelet St. Los Angeles, CA 90057 Phone: (213) 385-5089

COMMUNITY IMPACT STATEMENT

June 4, 2018

Rules, Elections, and Intergovernmental Relations Committee
Los Angeles City Council
200 N. Spring St.
Los Angeles, CA 90012

Dear Committee Members:

On May 1, 2018, a Brown Act noticed public meeting was held with a quorum of 9 board members presents and that by a vote of 9 yes, 1 no, 1 Ineligible, and 2 absent. the MacArthur Park Neighborhood Council (MPNC) adopted the following Community Impact Statement concerning Council File 18-0117, Deferred Retirement Option Plan (DROP) / Los Angeles Firefighters and Police Officers / Extended Periods of Time Off / Injuries / Program Status:

The Eagle Rock Neighborhood Council (ERNC) has shared with the MPNC and has followed recent *Los Angeles Times* investigative reporting coverage about the Deferred Retirement Option Plan (DROP), including but not limited to articles on February 3, March 3, March 10, and April 15, 2018. Namely, the investigation showed:

- Police and firefighters in the DROP program were nearly twice as likely to miss work for injuries, illness or paid leave.
- Those taking disability leave while in DROP missed a combined 2.4 million hours of work for leaves and sick time and were paid more than \$220 million for the time off.
- More than a third (36%) of police officers who entered the program went out on injury leave. At the fire department, it was 70%.
- The average time off for those who took injury leaves was nearly 10 months. At least 370 missed more than a year.
- In addition to the salary and pension payments, leaves taken by DROP participants create a third cost for taxpayers: The Fire Department pays overtime to fill their shifts; the Police Department requires other officers to cover their work.¹

The February 3, 2018 *LA Times* also article noted: "Allowing employees to take long stretches of paid time off while in DROP runs counter to Los Angeles city leaders' stated rationale for the program, which was to keep experienced and savvy veterans in firehouses and police precincts serving the public and mentoring new recruits." The ERNC is very concerned about the documented fraud, abuse, and waste involved in DROP and the City's lack of action to address these issues that directly impact taxpayer resources concerning Northeast Los Angeles and the entire City.

¹ See <http://www.latimes.com/local/california/la-me-drop-20180203-htm1story.html>

On February 7, 2018, Councilmember Englander introduced a motion via CF 18-0117, which was referred to the Rules, Elections, and Intergovernmental Relations Committee. The motion explained the recent *LA Times* coverage from February 3, 2018, about DROP which “identified a correlation between entry in the program and extended periods of paid time off due to injuries - many within days or weeks of entering the program.” According to the motion, DROP was originally anticipated to help both sworn departments retain veteran staff members by allowing them to collect their salary and pension for a period of five years and was approved by voters in 2001. The *LA Times* story details that nearly half of all DROP participants have gone on disability leaves after entering the program (36% of Police Officers and 70% of Firefighters) and that sworn members of the DROP program were nearly twice as likely to miss work for injuries, illness or paid leave.” The article also details “several egregious examples of abuse, including likely fraud.” The motion urged the City to investigate these allegations and “take steps to prevent abuses in order to protect both taxpayer funds and the integrity of the program.” The motion sought a CAO report on Worker’s Compensation issues as it pertains to the DROP program and current status of the program. Since February 7, 2018, there has been no further action on CF 18-0117 and no timeline has been provided to the public about when this “program review” will be finished. Meanwhile, further news coverage on March 3 indicated that some City Councilmembers and Mayor Garcetti knew about and subsequently ignored a 2016 CAO report which found waste and other flaws in DROP.² That 2016 report recommended eliminating the program because it no longer was necessary as a retention tool and had never been cost-effective. Moreover, despite the numerous issues raised in the ongoing *LA Times* coverage, the public learned on March 10, 2018, that the City Council approved up to 5% pay raises and up to 4.5% raises for patrol officers and detectives without addressing or remedying any of the serious problems with DROP.³ Even more troubling, a disproportionate number of police officers and firefighters have since sought to enroll in DROP: 129 enrolled in February 2018 alone, when the average enrollment had been 25 per month.⁴ Police and fire expenditures already make up approximately 74% of the Mayor’s proposed budget in FY 2018-2019. Police and fire are already the two-highest proposed line items, at \$1.6 billion and \$676 million respectively (excluding pension liabilities).⁵ The proposed line item for “Service Pensions - DROP Payout” is \$145 million, up \$35 million from the \$110 million budgeted and about \$95 million actually expended in FY 2017-2018, which would be a 31.8% increase.⁶ The Budget Advocates’ 2018 White Paper specifically addresses DROP, recommending that the program be “immediately [suspended] until new regulations are developed,” and that “scofflaws [be held] accountable.”

In mid-March 2018, the Eagle Rock Neighborhood Council (ERNC) contacted reached out to Councilmember Huizar’s office about DROP and was informed that the Councilmember shared our concerns about financial prudence and was awaiting the results of the program review. According to the Councilmember’s office, the CAO report from 2016 was not presented to the full City Council, only at an Executive Employee Relations Committee, which was/is made up of the Mayor, the Council President, and Councilmembers Englander, Krekorian, and Koretz as the President Pro Tempore, Budget and Finance Committee chair, and Personnel Committee chair, respectively.

² See March 3, 2018 article:

<http://www.latimes.com/local/lanow/la-me-drop-report-retirement-20180303-story.html>

³ See March 10, 2018 article:

<http://www.latimes.com/local/lanow/la-me-adv-drop-contract-20180310-story.html>

⁴ See April 15, 2018 article:

<http://www.latimes.com/local/lanow/la-me-drop-new-enrollment-20180413-story.html>

⁵ See http://clkrep.lacity.org/online/docs/2018/18-0600_rpt_MAYOR_04-19-2018.pdf

⁶ See http://clkrep.lacity.org/online/docs/2018/18-0600_misc_2_04-19-2018.pdf

and the current status of the program. The ERNC is unsatisfied with the limited nature of the motion and seeks more comprehensive and urgent responsive action, including but not limited to an interim measure such as immediately suspending all further enrollment in DROP; conducting a full-scope investigation of DROP involving the offices of the City Attorney, City Controller, and City Administrative Officer, and exploring whether civil and/or criminal charges are warranted given the alleged waste and abuse of taxpayer resources and numerous, documented instances of fraud perpetrated on the system; and determining whether DROP should be ended permanently, as numerous other jurisdictions, i.e. San Francisco and San Diego, have already done years ago. The City Council should also hold meetings/hearings about this issue so that more community members can express their concerns in a public forum. In light of so many other needs in Northeast Los Angeles and other City regions concerning homelessness, transportation, infrastructure/public works, potholes and road repairs, etc., it is concerning that DROP continues to occupy a significant portion of taxpayer resources, without a proven, tangible benefit in return.

The MacArthur Park Neighborhood Council (MPNC) as well as the Eagle Rock Neighborhood Council (ERNC) urges Councilmember Huizar and his colleagues to take immediate action to comprehensively address and remedy the documented waste, fraud, and abuse in DROP as soon as possible. We request a written response within twenty (20) business days from the Committee and/or any other involved City departments/agencies copied below which specifically addresses the concerns raised in this Community Impact Statement and what is being done to take appropriate action.

The MPNC appreciates the attention given to this writing.
If you have any questions, please call (213) 550-6509

Sincerely,



Margarita Lopez
President

MacArthur Park Neighborhood Council

cc: Office of Councilmember Jose Huizar: Paul Habib, Chief of Staff; Martin Schlageter, Policy Director;
Sean Starkey, Field Deputy, Northeast LA Office
Department of Neighborhood Empowerment (DONE), % lorenzo.briceno@lacity.org
Raymond Ciranna, General Manager of Los Angeles Fire and Police Pensions
Office of City Attorney Mike Feuer
Office of the City Controller Ron Galperin
City Administrative Officer Rich Llewellyn
Office of Mayor Eric Garcetti
Los Angeles Times