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REPORT NO. R 1 6 - 0 2 0 5
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REPORT RE:

BALLOT RESOLUTIONS FOR A PROPOSED CHARTER AMENDMENT REGARDING THE ENROLLMENT OF AIRPORT PEACE OFFICERS IN TIER 6 OF THE LOS ANGELES FIRE AND POLICE PENSION PLAN AND OF NEW AIRPORT POLICE CHIEFS IN THE LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM; AND ORDINANCE CALLING A SPECIAL ELECTION FOR THE CHARTER AMENDMENT ON NOVEMBER 8, 2016

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Honorable Members:

On June 21, 2016, your Honorable Body requested that this Office prepare the documents necessary for a proposed Charter amendment regarding the enrollment of Airport peace officers in the Fire and Police Pension system for presentation to the electorate at the November 8, 2016 State General Election. This Office hereby transmits, approved as to form and legality, the ballot resolutions and election ordinance necessary to place the proposed Charter Amendment on the ballot at the November 8, 2016 State General Election.

Summary of Proposed Charter Amendment

Currently, City employees who are sworn peace officers, as provided by California Penal Code Section 830.1, and who perform police or firefighting duties for the Airport Department (hereinafter, "Airport Peace Officers"), are members of the Los

Angeles City Employees' Retirement System (LACERS).¹ In a tentative agreement reached on April 14, 2016 between the City and the Los Angeles Airport Peace Officers Association, the City agreed to place on the November 8, 2016 State General Election ballot a proposed Charter amendment that would provide this group of employees with certain retirement benefit changes, including, if certain requirements are satisfied, membership in Tier 6 of the Los Angeles Fire and Police Pension plan (LAFPP) in lieu of membership in LACERS. This measure would implement in part that tentative agreement.

If adopted by the electorate, this measure would amend certain sections of the Charter that govern LAFPP. Exhibit 1 to this report illustrates all changes to existing Charter language proposed by this measure, with proposed deletions in strikeout and proposed additions underlined. The measure's three key components are summarized herein.

First, the measure would authorize the City Council to provide by ordinance for a process whereby current Airport Peace Officers may elect to transfer from LACERS to Tier 6 of LAFPP.² An employee who elects to transfer would be required to purchase all prior service with LACERS from LAFPP and would be responsible for the full actuarial cost of purchasing that prior service (as determined by LAFPP's actuary without considering incidental administrative expenses, and reduced by the amount of any funds transferred from LACERS to LAFPP in connection with the employee's transfer). A transferring employee's purchase from LAFPP of his or her prior service with LACERS would be cost-neutral to the City. Transferring employees would be required to continue to make member contributions at the rate applicable to their LACERS membership to the extent required by the Internal Revenue Code. On January 7, 2018, all employees who have elected to transfer would be transferred from LACERS to LAFPP; the transfer and service purchase would be irrevocable.³

Second, the measure would extend Tier 6 membership to: (1) a new Airport Peace Officer hired or appointed on or after January 7, 2018; and (2) a current Airport Peace Officer who irrevocably elects to transfer from LACERS and purchase from LAFPP at full actuarial cost all of his or her prior service with LACERS, pursuant to the ordinance to be adopted by the City Council if this proposed measure is adopted by the electorate.

¹Attached as Exhibit 2 to this report is a list of the class titles and class codes of employees who would be covered by the proposed measure. For brevity's sake, employees in this group are referred to in this report as "Airport Peace Officers."

² January 7, 2018 is the first date of the first pay period of 2018.

³ In connection with the transition of Ontario Airport from the City to the Ontario Airport Authority, we understand that some Airport Safety Officers currently serving at Ontario Airport may in the future become eligible for appointment to sworn positions in the Fire Department. To address that possibility, the Charter Amendment permits sworn employees currently performing firefighting duties for the Airport Department who elect to remain in LACERS after January 7, 2018, but subsequently are appointed to sworn positions in the Fire Department that would otherwise require membership in LAFPP, to remain LACERS members.

Finally, the measure would authorize a Chief of the Los Angeles Airport Police who is appointed to the position of Chief on or after January 7, 2018, and who is neither an LAFPP member nor a retired LAFPP member at the time of his or her appointment, to elect, within seven calendar days of appointment, to become a member of LACERS in lieu of membership in Tier 6 of LAFPP. This election already is authorized by Charter Section 1700, Subsection (a), for a Chief of Police, Fire Chief, or Port Warden (Chief) appointed from outside of LAFPP on or after July 1, 2011.

As Exhibit 1 illustrates, the measure would also make technical amendments to the LAFPP plan language to include the Airport Department and Airport Peace Officers where appropriate, and to ensure that LAFPP remains in compliance with all applicable tax laws.

Council Rule 38 Referral

A copy of the enclosed documents was sent, pursuant to Council Rule 38 to the City Clerk, City Administrative Officer (CAO), the Board of Fire and Police Pension Commissioners, and the LACERS Board of Administration. This Office worked with staff of the CAO's office, LAFPP, and LACERS, to prepare the documents, and their respective comments have been incorporated.

Government Code Section 7507 Requirements

Pursuant to Government Code Section 7507, Subsections (b)(1) and (c)(1), the City has obtained from LAFPP's actuary a statement of the actuarial impact of the proposed measure upon future annual costs and that statement was made public on June 17, 2016, two weeks prior to Council's consideration and possible adoption of the proposed measure.

Election Deadline and Consolidation

City Election Code Section 601 (b) requires that resolutions placing proposed measures on the ballot be adopted no fewer than 110 days before the election. With regard to the November 8, 2016 State General Election, the last date upon which these resolutions may be adopted is July 21, 2016. However, this legal deadline falls on an anticipated Council Recess date. Therefore, the practical deadline for Council to adopt these resolutions is Friday, July 1, 2016, preceding the anticipated Council Recess.

The State General Election is conducted locally by the County Registrar-Recorder. In order to place a City measure on the State General Election ballot, the City must request the County Board of Supervisors to approve consolidation of the City's ballot measure election with the State General Election. The Board of Supervisors has the limited discretion to deny the City's consolidation request if the

County's voting equipment or other election capacities are such that the County cannot handle the City's election.

If you have any questions regarding this matter, please contact Deputy City Attorney Anya J. Freedman at (213) 978-6800 or Deputy City Attorney Harit U. Trivedi at (213) 978-7193. They or another member of this Office will be present when you consider this matter to answer any questions you may have.

Very truly yours,

MICHAEL N. FEUER, City Attorney

By 
DAVID MICHAELSON
Chief Assistant City Attorney

DM:AF
Transmittal

cc: Eric Garcetti, Mayor
Miguel A. Santana, City Administrative Officer
Holly Wolcott, City Clerk
Sharon Tso, Chief Legislative Analyst
Board of Fire and Police Pension Commissioners
Board of Administration of the Los Angeles City Employees' Retirement System