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REPORT NO. R 20 - 0 2 5 4
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REPORT RE:

DRAFT ORDINANCE AMENDING ARTICLE 1 OF CHAPTER 10, DIVISION 4 OF THE LOS ANGELES ADMINISTRATIVE CODE TO ENABLE THE LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM TO DETERMINE THE EFFECTIVE RETIREMENT DATES FOR SEPARATION INCENTIVE PROGRAM RETIREMENT APPLICANTS, ESTABLISH A THREE-MONTH RETIREMENT ABEYANCE PERIOD FOR NON-SEPARATION INCENTIVE PROGRAM RETIREMENT APPLICATIONS, AND PREVENT THE WITHDRAWAL OF SEPARATION INCENTIVE PROGRAM RETIREMENT APPLICATIONS AFTER AN AGREEMENT IS FINAL

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

Council File No. 20-0600-S56

Honorable Members:

This Office has prepared and now transmits for your consideration the enclosed draft ordinance, approved as to form and legality. As recommended by the Office of the City Administrative Officer (CAO), the draft ordinance would amend Chapter 10 of Division 4 of the Los Angeles Administrative Code (LAAC) to enable the Los Angeles City Employees' Retirement System (LACERS) to set the effective retirement dates for Citywide Separation Incentive Program (City SIP) retirement applicants. The draft ordinance would also create a three-month retirement abeyance period during which LACERS members could not apply for non-City SIP retirements. Finally, the draft ordinance would make clear that once an applicant has entered into a final agreement with the CAO to retire under the City SIP, they may not withdraw their retirement

application from LACERS and shall be deemed to have agreed to the processing provisions set forth in this ordinance. The purpose of the draft ordinance is to provide LACERS with additional flexibility to manage the processing of retirements under the City SIP to effectuate the City's goal of maximizing payroll savings while minimizing adverse impacts on the provision of City services. The draft ordinance grants LACERS this additional administrative flexibility in several ways. First, it temporarily relieves LACERS from adhering to the general requirements of LAAC Section 4.1005 that LACERS: (1) effectuate the personally-preferred retirement effective date identified by each individual employee; and (2) process applications in a manner that ensures a member's retirement effective date is no fewer than 30 and no more than 60 days from the date upon which the application is received. Instead, it authorizes LACERS to prioritize processing City SIP retirements so as to maximize the payroll savings that are the impetus for the City SIP.

Background and Summary of Ordinance Provisions

The draft ordinance authorizes LACERS to designate City SIP applicants' retirement dates and creates a three-month abeyance period for non-City SIP retirements. The purpose of the ordinance is: (1) to enable LACERS to timely process City SIP retirement applications without needing to adhere to the general requirement—pursuant to LAAC Section 4.1005(d)—that it effectuate each individual employee's preferred retirement date and that it process applications so as to retire each employee within 30 to 60 days of LACERS' receipt of their retirement applications; (2) to allow LACERS to prioritize processing City SIP retirement applications over non-City SIP retirements without overwhelming LACERS' staffing resources; and (3) to prevent City SIP applicants from withdrawing their retirement applications once their SIP application/agreements become final. In order to maximize payroll savings from the City SIP, LACERS needs to process City SIP retirements as quickly as possible. Enabling LACERS to manage City SIP retirement dates, and pausing non-City SIP retirement applications during the ordinance abeyance period, will help ensure LACERS' compliance with LAAC requirements on the timing of retirements and further the City SIP's payroll reduction goal.

The draft ordinance enables LACERS to timely process City SIP retirements in three ways. First, it exempts City SIP participants from the LAAC Section 4.1005(d) specifications that a LACERS member may request a retirement date that is not less than 30 nor more than 60 days after the member's LACERS retirement application. Instead, the draft ordinance authorizes LACERS management to determine City SIP participants' retirement dates. LACERS' decisions shall be final and binding, regardless of a City SIP participant's agreement, enabling LACERS to lawfully process City SIP retirements in compliance with the LAAC. Furthermore, the draft ordinance authorizes the CAO to promulgate rules regarding the effective retirement dates of City SIP participants.

Second, the draft ordinance allows LACERS to prioritize City SIP retirements by creating a three-month abeyance period during which LACERS shall not accept non-City SIP retirement applications. Under the draft ordinance, there is a City SIP period running from November 1, 2020, through January 31, 2021. During this period, LACERS will not accept non-City SIP retirement applications from LACERS members eligible for full or early retirement. After the City SIP period ends, such members may retire pursuant to standard LACERS procedures and provisions. Additionally, the draft ordinance authorizes LACERS to hold any non-City SIP retirement applications that are still pending on November 1, 2020, in abeyance until the end of the City SIP period, after which LACERS will resume processing such retirement applications. Because the draft ordinance pauses non-City SIP retirements for three months, it enables LACERS to more quickly process City SIP retirement applications, thereby helping the City realize the payroll reductions that the City SIP intends.

Finally, the draft ordinance requires City SIP applicants whose agreements with the CAO have become final to complete their retirements, and prevents them from withdrawing their retirement applications from LACERS. A City SIP applicant's agreement is final if it is not rescinded before 3:00 PM on the seventh business day after the SIP applicant submitted it to the CAO. This provision codifies the language in the City SIP agreement, and prevents City SIP applicants from later attempting to withdraw their retirement applications, thereby ensuring: (i) the City realizes the full expected payroll savings from all final City SIP applications/agreements; and (ii) LACERS does not unnecessarily expend resources processing City SIP retirements that applicants later withdraw.

Council Rule 38 Referral

A copy of the draft ordinance was sent pursuant to Council Rule 38 to LACERS and to the Office of the City Administrative Officer. Their respective comments have been incorporated into the draft ordinance.

If you have any questions regarding this matter, please contact Deputy City Attorney Miguel Bahamon at (213) 978-6800. He or another member of this Office will be available when you consider this matter to answer questions you may have.

Sincerely,

MICHAEL N. FEUER, City Attorney

By 

DAVID MICHAELSON
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DM:MB:pj
Transmittal