

PERSONNEL AND HIRING COMMITTEE REPORT relative to implementation of case settlement, amendment to the Los Angeles City Employees Retirement System (LACERS) Peace Officer Transfer Program and omnibus cleanup of plan provisions for the Los Angeles Fire and Police Pensions (LAFPP).

Recommendation for Council action:

REQUEST the City Attorney to prepare and present an Ordinance necessary to implement a recent legal case settlement resulting in an updated to the method for calculating health insurance premium subsidies for LAFPP Members, to authorize amortization for costs and expenses to pay the full actuarial cost of the LACERS Peace Officer Transfer Program, and to make all other necessary technical updates to the LAFPP plan provisions.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that according to LAFPP's actuary, updating the LAFPP Plan terms to reflect the settlement to resolve litigation over the health insurance premium subsidies should not have a fiscal impact on the City because the maximum subsidy amount remains unchanged. Calculations provided in a report prepared by LAFPP's actuary indicate that amortization of costs and expenses for the LACERS Peace Officer Transfer Program will have a fiscal impact on the General Fund. Those calculations can be seen in the actuarial report included with the council file. In the event the City declines the option to amortize these costs, paying in full will not have any additional fiscal impact beyond what has been reported as the full actuarial cost of the Program.

Community Impact Statement: None submitted.

Summary:

On June 26, 2026, your Committee considered a June 9, 2026 CAO report relative to implementation of case settlement, amendment to the LACERS Peace Officer Transfer Program and omnibus cleanup of plan provisions for the LAFPP.

According to the CAO, it recommending that Council request the City Attorney to prepare and present the Ordinances necessary to update LAFPP Plan terms regarding health insurance premium subsidies for LAFPP Members. In 1974, Los Angeles voters approved a City Charter amendment permitting the City to provide a program that would subsidize health insurance coverage provided to retired police officers and firefighters. This program was enacted by ordinance in 1975 (Ordinance No. 147,014).

In 2005, voters approved a second Charter amendment allowing the Los Angeles City Council to establish by ordinance maximum subsidy payments, as well as to set standards and limitations for raising or lowering the subsidy payment amounts. Between 2005 and 2006, the City Council passed ordinances that: (1) set the maximum monthly

subsidy for retiree health insurance premiums at \$735.38 effective July 1, 2005; and (2) authorized the LAFPP Board of Commissioners (Board) to make annual adjustments (beginning July 1, 2006) to the maximum monthly retiree health insurance subsidy, provided that an increase is the lesser of 7% or the actuarial assumed rate for pre-65 health benefits established by the Board for the applicable fiscal year.

As a result of the 2008 Great Recession, the City enacted (in 2011) an Ordinance freezing the maximum retiree health insurance subsidy at \$1,097.41. In response to the City's freeze ordinance, the Los Angeles Police Protective League (LAPPL) and the United Firefighters of Los Angeles City (UFLAC) entered into a Letter of Agreement (LOA) with the City to create an exception to the freeze. The LOA provided two maximum health insurance subsidies: (1) the frozen \$1,097.41 rate and (2) the annually adjusted rate in accordance with the Board's authority under the 2005-2006 ordinance.

In exchange for the vested right in the annually adjusted subsidy amount upon retirement, an employee was required to contribute an additional 2% of their biweekly salary on a post-tax basis. LAPPL and UFLAC filed two different but related lawsuits in 2012 and 2017 against the City challenging the interpretation of the 2011 LOA. In response to the central issues raised by the lawsuits, on May 2, 2024, the Board adopted a recommendation developed by the LAFPP Ad Hoc Committee on Non-Medicare Health Subsidy, which includes LAPPL and UFLAC representatives, to determine future increases to the maximum Non-Medicare Health Subsidy for LAFPP members as the lesser of: 1.

In order to implement the case settlement regarding health insurance premium subsidies, to allow for the amortization of the costs and expenses for the LACERS Peace Officer Transfer Program under Measure FF, and to make other necessary updates and technical amendments to LACERS and LAFPP plan provisions, the City Council must request the City Attorney to prepare enabling Ordinances. After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendation contained in the CAO report. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

Personnel and Hiring Committee

COUNCILMEMBER:	VOTE:
McOSKER:	YES
RODRIGUEZ:	ABSENT
SOTO-MARTINEZ:	YES

ARL

6/26/26

-NOT OFFICIAL UNTIL COUNCIL ACTS-