



RON GALPERIN  
CONTROLLER

October 20, 2015

Honorable Eric Garcetti, Mayor  
Honorable Michael Feuer, City Attorney  
Honorable Members of the Los Angeles City Council

### **Re: The City's Greying Workforce**

Dear Colleagues:

Our City government's greatest assets are its many hard-working and dedicated employees. The ranks of those eligible for retirement, however, are rapidly swelling. By next year, approximately 37% of the City of Los Angeles' current municipal civilian workforce will be eligible to retire. By 2018, 46% will be eligible.

Besides the inevitable pension-related implications, this rapid greying of the City's civilian workforce represents a potentially troublesome staffing challenge for City administrators. But it also represents opportunities.

In some City departments, such as the Information Technology Agency (ITA), which is charged with keeping up with rapid changes in computer sciences, 58% of the workforce will be retirement-eligible by 2018. The Department of General Services, which handles a wide variety of multi-agency chores such as purchasing and fleet and building maintenance, is not far behind: 57% of its current workforce will be retirement-eligible.

The chart below shows a breakdown by department of the City's largest concentrations of full-time civilian employees and the numbers and percentages of those who will be eligible to retire next year, and by 2018.



Agency	Number of Civilian Employees <sup>1</sup>	Number Eligible to Retire in 2016	Percent Eligible to Retire in 2016	Number Eligible to Retire by 2018	Percent Eligible to Retire by 2018
Airports	3172	1094	34%	1428	45%
Animal Services	307	50	16%	77	25%
Building and Safety	792	325	41%	401	51%
City Attorney	888	302	34%	374	42%
Controller	139	58	42%	67	48%
Econ & Wkforce Dev	135	59	44%	77	57%
Finance	288	92	32%	119	41%
Fire Dept Civilian	295	98	33%	142	48%
General Services	1261	567	45%	724	57%
Harbor Civilian	755	263	35%	341	45%
Housing	563	182	32%	238	42%
Information Technology	436	198	45%	252	58%
Library	708	283	40%	371	52%
Personnel	470	161	34%	213	45%
Planning	261	69	26%	85	33%
Police Civilian	2631	797	30%	1086	41%
Public Works	4493	1758	39%	2221	49%
Recreation and Parks	1287	515	40%	636	49%
Transportation	1264	402	32%	535	42%
Water and Power	9344	3533	38%	4336	46%
Zoo	190	57	31%	71	37%
<b>Total/Key Departments</b>	<b>29679</b>	<b>10863</b>	<b>37%</b>	<b>13794</b>	<b>46%</b>

*This chart is based on information from the City's payroll system and from retirement eligibility calculated by the City's two pension funds for civilian workers, the Los Angeles City Employees Retirement System, and the Water and Power Employees' Retirement Plan.*

<sup>1</sup>This chart includes civilian employees only except for 517 airport police who are members of a City civilian pension fund.

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This aging of the workforce has been exacerbated by the City's imposition of a general hiring freeze in the wake of the Great Recession. Although the freeze came with a centrally "managed hiring" process that doled out exceptions, it had the effect of limiting an influx of younger workers.

Fifteen years ago, the average civilian worker employed by the City of Los Angeles was 44 years old. Now, that typical worker is 49. And nearly one in three of the City's civilian workers is 55 or older.

This is not to say that all of these workers will retire soon. It is to say that they are eligible and, in the coming years, quite likely to do so. Most City civilian workers are eligible to retire early at age 55 if they have at least 10 years of service. "Normal" retirement eligibility begins at age 60. In practice, average retirement age for most City civilian workers is 62 (The national norm is 64 for men and 62 for women.)

Police officers and firefighters tend to retire earlier. The average age of retiring police officers in recent years has been 57.8. The average age of retiring firefighters has been 55.8. The Fire and Police Pension System of the City of Los Angeles forecasts that less than 10 percent of the City's current 9,807 police officers will retire in the next five years, and that 15% of the City's current 3,220 firefighters will retire in the next five years.

### **Succession Planning is Needed**

The City needs to engage in serious succession planning, particularly for its civilian workforce, so that those who are recruited to replace retiring workers are the best possible candidates and that those who retire don't just walk out the door without having passed on their knowledge.

The City's Personnel Department has just begun a process of encouraging departments to make plans that include recruitment, training and new ways to capture and transfer critical job knowledge. ITA, too, has been seeking to address the challenge. However, more needs to be done. City agencies should be mandated to review the composition of their workforces and develop three- to seven-year succession plans.

Succession planning presents opportunities for the City to join with labor and community partners in designing the best possible recruitment and training vehicles and to move carefully and thoughtfully, through collective bargaining, to update benefits and some of the City's antiquated Civil Service procedures.

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### **Attracting New Talent**

Some benefit programs, for example, might be better tailored to attract talented young workers. Young people might find more alluring a health care plan that was less expensive for the City because it offered higher deductibles, if the City put some of its savings into their paychecks.

While the City's Civil Service system stands as a bulwark against political patronage and corruption, various adjustments can and should be made.

Some adjustments are relatively simple. Times have changed, and some old job titles now make little sense. Testing and selection procedures should be updated to focus on recruiting the best possible workforce for the jobs of tomorrow.

Other changes are potentially more complex. For example, the City should explore with the labor unions that represent its workforce how it might incorporate elements of merit pay into the way that City workers are compensated, giving them financial incentives for outstanding performance. Currently, raises accrue mainly because of longevity or promotions.

Although many workers receive "bonuses," these are typically not performance-based. They are typically negotiated through collective bargaining to incentivize workers, for example, to take less desirable shifts or reward them for desired skills and certifications. In 2014, City workers were paid a total of \$140 million—or 4% of payroll—in bonuses (which included uniform allowances).

### **Workforce Demographics**

The City's workforce is diverse. Non-Latino whites comprise 28 percent of the civilian workforce; Latinos, 32%; Blacks, 20%; Asians, 12%; Filipinos, 6% and other groups, 2%, according to figures the City compiles to submit to the federal Equal Employment Opportunity Commission.

Police are 34% white, 45% Latino, 11% black, 7% Asian, 2% Filipino and 1% other. Firefighters are 49% white, 32% Latino, 11% black, 6% Asian and 2% Filipino.

The City's recruitment and training efforts should continue to target all communities, and focus on expanding opportunities for underrepresented and underprivileged communities -- so as to continue the important role that the City has played over the last several decades as an equal opportunity employer that has assisted otherwise disadvantaged families in pathways to the middle class.

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### **City's Role as a Major Regional Employer**

The City, which employs about 44,000 people full-time – approximately 13,000 police officers and firefighters and 31,000 civilians – is larger than any private employer within City limits. That makes it a major regional economic force.

City jobs are good jobs and they offer what are considered to be excellent benefits.

Civilian workers last year were paid an average base salary of \$78,139—not counting overtime and bonuses. Some did much better—29% had regular annual base salaries of \$100,000 or more. (Average base salaries for the City's more than 13,000 firefighters and police were \$97,014 and \$97,024 respectively.)

Total City payroll last year was \$4.75 billion, including \$1.1 billion for the Department of Water and Power. Nearly \$1.6 billion of the City's payroll went to police and firefighters, leaving \$2.05 billion to pay non-DWP civilian employees

To more deeply delve into how the City spends its money on its workers, detailed payroll information is available on the Controller's website at [ControlPanel LA](#). In addition, I am herewith releasing a report called "[Workforce Data Mining Analysis](#)," that explores in depth the portion of the payroll processed by my office.

### **City's Response to the Great Recession**

In response to the Great Recession, the City cut back the number of its full-time civilian employees by more than 6,000. A special early retirement incentive program accounted for 2,400. It had the effect of reducing the number of older workers on the City's current payroll. The rest came mainly from decisions not to fill vacancies that occurred through attrition. The City imposed a general hiring freeze with a centrally "managed hiring" process for exceptions. This reduced the number of newly hired people coming into the City workforce, and had the effect of increasing the workforce's average age.

The cutbacks were concentrated outside the City's three business enterprise departments: Water and Power, Airports and the Harbor. In fact, hundreds of workers whose salaries were paid by the City's economically sensitive General Fund scrambled to find positions in these departments, where funding was thought to be more secure. Some of those searching for more security also shifted to positions financed through [special purpose funds](#), such as those consisting of fees and taxes earmarked for specific purposes.

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As many City departments provided services with fewer employees, residents and businesses in many cases experienced service cuts. To try to take up the slack, the City paid increased overtime to employees who remained. Overtime payments rose by 62% from 2012 to 2014. By 2014, overtime amounted to 9% of overall payroll.

In retrospect, the size of these overtime increases raises an important question that City officials should mull: Would it have been more cost-effective in some cases to have cut the workforce by less?

### **In Conclusion**

In the anticipated wave of retirements, we face a certain challenge and a possible crisis. But we also have opportunities. Let's make sure we take advantage of those by engaging in serious succession planning now, and by modernizing our personnel policies and practices. In doing so, we can better ensure that we retain and attract the best possible municipal workforce in the years ahead.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Ron Galperin". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Ron Galperin  
CITY CONTROLLER