



Office of the Los Angeles City Attorney
Hydee Feldstein Soto

REPORT NO. R26-0419
JULY 21, 2026

REPORT RE:

DRAFT ORDINANCE AMENDING CHAPTERS 11.5 AND 22 OF DIVISION 4 OF THE LOS ANGELES ADMINISTRATIVE CODE TO: (1) IMPLEMENT A CASE SETTLEMENT THAT REQUIRES UPDATING METHODS FOR DETERMINING THE HEALTH INSURANCE PREMIUM SUBSIDY FOR LOS ANGELES FIRE AND POLICE PENSION (LAFPP) MEMBERS; (2) AUTHORIZE THE AMORTIZATION OF COSTS AND EXPENSES FOR THE LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM (LACERS) PEACE OFFICER TRANSFER PROGRAM (PROGRAM); AND (3) MAKE TECHNICAL AMENDMENTS TO THE LAFPP PLAN PROVISIONS

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

Council File No. 26-0600
(See also Council File No. 25-0391)

Honorable Members:

Pursuant to your request in Exhibit H of the FY 2026-2027 Adopted City Budget in Council File No. 26-0600, this Office has prepared and now transmits for your consideration the enclosed draft ordinance, approved as to form and legality. The draft ordinance amends portions of the Los Angeles Administrative Code (LAAC) to implement a legal settlement between the United Firefighters of Los Angeles City, Police Protective League, the City, and the Board of Fire Police Pension Commissioners (Board). The draft ordinance also amends portions of the LAAC to allow for the amortization of costs and expenses associated with the transfer of sworn peace officers from the Los Angeles City Employees' Retirement System (LACERS) to LAFPP pursuant to the authority provided by Measure FF. Amortizing a portion of the

costs and expenses provides the City with additional flexibility for paying the full actuarial cost of the Program. Lastly, the draft ordinance amends portions of the LAAC to provide technical corrections to LAFPP's plan provisions.

Summary of Ordinance Provisions

Substantively, the draft ordinance amends LAAC Section 4.1154(e) to implement the settlement agreement approved by City Council, resolving two lawsuits filed by the United Firefighters of Los Angeles City and the Police Protective League, against the City, the Board, and LAFPP.¹ This amendment clarifies the parameters that LAFPP must use to determine the annual increase to the retiree healthcare subsidy for retirees under age 65 that LAFPP can award. However, the maximum annual increase remains unchanged at seven percent. LAFPP's actuary confirmed that this amendment should not result in any cost increases, which confirmation is provided in Council File 10-1868.

The draft ordinance also amends LAAC Section 4.2216 to enable the City to amortize costs and expenses when it pays the full actuarial cost of the Program established pursuant to the authority provided by Measure FF. Measure FF, which was approved by the electorate on November 5, 2024, authorized City Council to provide a process whereby certain sworn peace officers who were members of LACERS could transfer membership and service from LACERS to Tier 6 of LAFPP, requiring the City to pay the full actuarial cost. Under the draft ordinance, the Program will continue to be cost neutral for LAFPP and require the City to pay costs and expenses as determined by the Plan's actuary. The Plan's actuary provided a final calculation of costs and expenses for the Program on March 12, 2026, which is included as Exhibit 2. The March 12, 2026 calculation revised prior estimates for the full actuarial cost of the Program, which were posted on June 10, 2024 and June 16, 2025.

The previously adopted implementing ordinance for Measure FF, Ordinance No. 188756, required the City to pay costs and expenses associated with the unfunded actuarial accrued liability of the Program at the time of employee transfer. The enclosed draft ordinance permits the City to amortize Program costs and expenses on a schedule suggested by the Plan's actuary, provided that the Program is still cost neutral for LAFPP, Tier 5 contribution rates are not impacted,² and LAFPP's Board may act to approve the schedule consistent with its fiduciary duties.

¹ *Los Angeles Police Protective League v. Board of Fire and Police Pension Commissioners for the City of Los Angeles*, L.A. County Superior Court, Case No. BC489113; *Los Angeles Police Protective League v. Board of Fire and Police Pension Commissioners for the City of Los Angeles*, L.A. County Superior Court, Case No. BC672034.

² The LAAC amendments in the draft ordinance will not impact contribution rates for Tier 5 Members, because pursuant to LAAC 4.2012(h) the determination of unfunded liabilities for the purpose of setting contribution rates for Tier 5 Members will exclude any impact from the Program. Tier 5 Members are entitled to a lower contribution rate when the LAFPP is fully funded on an actuarial basis, pursuant to Charter Section 1222 and LAAC Section 4.2014.

Actuarial Statements Pursuant to Government Code Section 7507 and Charter Sections 1709 and 1718

Pursuant to Government Code Section 7507, Subsections (b)(1) and (c)(1) and Charter Sections 1709(c) and 1718(b), the City has obtained statements of the actuarial impact of the proposed ordinance upon the City's future annual costs from LAFPP's actuary, including the impact of changes to the health insurance premium subsidy for LAFPP retirees, and the costs associated with the transfer of LACERS Members to LAFPP Tier 6. Actuarial statements pertaining to the health insurance premium subsidy were posted on June 5, 2026. Actuarial statements for the implementation of Measure FF were posted on June 10, 2024, and June 16, 2025, with revised estimates posted on April 29, 2026. This complies with the state requirement to provide City Council with actuarial statements two weeks prior to the consideration and possible adoption of this proposed ordinance.

Requirements for Final Adoption and Effective Date Pursuant to Charter Sections 1709 and 1718

Charter Sections 1709(c) and 1718(b) require approval of the proposed ordinance by not less than two-thirds of the membership of the City Council, subject to the veto of the Mayor and override by the City Council by three-fourths vote. Final adoption can only take place after a public hearing has been held and at least 30 days following the first presentation of the ordinance. Pursuant to Charter Sections 252(h), 1709(c), and 1718(b) the ordinance is effective upon publication, but City Council may provide that the terms of the ordinance, or portions of it, shall be operative at a later date or dates.

Council Rule 38 Referral

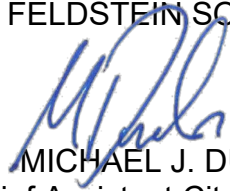
A copy of this report and the accompanying documents were sent, pursuant to Council Rule 38, to the City Administrative Officer (CAO), the Department of Airports, the Harbor Department, the LAFPP Board, and the LACERS Board of Administration. This Office worked with staff from the CAO's office, and LAFPP to prepare the documents and their respective comments have been incorporated or will be presented to the City Council when it considers this matter.

If you have any questions regarding this matter, please contact Assistant City Attorney Joshua Geller at Joshua.Geller@lacity.org. A member of this Office will be available when you consider this matter to answer questions you may have.

Sincerely,

HYDEE FELDSTEIN SOTO, City Attorney

By



MICHAEL J. DUNDAS
Chief Assistant City Attorney

MD:JG:ac
Transmittal