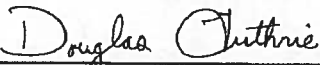


REPORT OF THE PRESIDENT AND CEO

April 23, 2020

RESOLUTION AUTHORIZING THE PRESIDENT AND CEO TO OFFER A MULTI-YEAR
RETIREMENT INCENTIVE PROGRAMDouglas Guthrie
President and CEO
Annie Markarian
Director of Labor & Employee Relations

Purpose: The proposed retirement incentive program will provide the Housing Authority of the City of Los Angeles ("Authority") the needed flexibility to continue restructuring its operations and implementing efficiencies in accordance with the Authority's Vision Plan. This will include new and updated classifications that meet the Authority's evolving needs and strategic initiatives.

Related: In 2019, pursuant to Resolution 9500, the Housing Authority offered staff who elected to retire a \$25,000.00 retirement incentive.

Issues: With the expansion of new programs and the development of new technology solutions, the Housing Authority anticipates the implementation of new service delivery options. Some of these new technologies, such as the new Customer Contact Center will require different core duties than existing job classifications.

As these new classifications continue to be developed and new initiatives are launched, it is anticipated that duties held by existing positions will shift, thereby reducing the need for the existing position counts. However, this can be a challenge for the Authority since minimizing staff displacement is a core goal.

By incentivizing retirements, vacancies within the programs will give the Authority needed flexibility to develop new positions, which will in turn enable the development of strategic reorganization and new initiatives.

Terms of Retirement Offer

Eligible HACLA Employees who retire between May 1, 2020, and December 31, 2021, will be entitled to a retirement incentive. The retirement incentive is multi-tiered and based on the employee's effective retirement date. The tiers for the incentive are as follows:

- May 1, 2020 through August 31, 2020 – \$25,000
- September 1, 2020 through December 31, 2020 – \$20,000
- January 1, 2021 through August 31, 2021 – \$15,000
- September 1, 2021 through December 31, 2021 - \$10,000
- There will not be a retirement incentive in 2022.

To be eligible, staff must meet the following criteria:

- Classic Members: Be 50 years of age or older;
- PEPRRA Members: Be 52 years of age or older;
- Be a permanent full-time HACLA employee;
- Have vested in CalPERS by the employee's selected retirement date; and
- Execute and submit to the Resignation Form and General Release.

The proposed multi-year, multi-tiered approach permits departments to more effectively plan the restructure of their departments and operations and gradually phase-in change, without adversely impacting existing operations. Moreover, this approach will permit staff who are retirement eligible to more effectively plan for their future.

Projected Retirements and Cost

Based on retirement incentive programs in recent years, the average number of service years for employees who elect to retire is 21 years, resulting in an average of 35 retirements when an incentive is offered, as compared to an average of 9 when there is no retirement incentive.

Year	# of Retirements	
	No Incentive	Incentive
2013		42
2014		33
2015	8	
2016	6	
2017		33
2018	13	
2019		34

At this time, there are almost 100 employees over the age of 55 with 20 or more years of service. Given the incentive structure, we would anticipate more will retire in the first year. For this reason, we are budgeting \$1.5 million for 2020, and \$750,000 for 2021, for a total of \$2.25 million over the two-year period.

Vision Plan: **PATHWAYS Strategy #7; Action #7.3** – *Identify opportunities to restructure and/or centralize cross-program functions to better leverage staff expertise.*

PATHWAYS Strategy #8; Action #8.2 – *Evaluate opportunities for new classifications that are better tailored to program realignments and new initiatives and engage in strategic hiring.*

The vacancies resulting from a retirement incentive will provide the Authority the needed flexibility to continue restructuring our operations and implementing efficiencies in accordance with the Authority's Vision Plan. This will include new and updated classifications that meet the Authority's evolving needs and strategic initiatives.

Funding: The Chief Administrative Officer confirms the following:

Source of Funds: Funding for the incentives will come from LA LOMOD proceeds. Since this is a finite, non-operating expense, it is appropriate to use LA LOMOD proceeds for this incentive. A total of \$2.25 million for the two-year period is anticipated; however, flexibility is requested to fund the incentives fully should actual retirements exceed projections.

Budget and Program Impact: It is anticipated the retirement incentive will generate short-term savings in the annual operating budgets for all affected programs. As a general rule, retiring employees separate at the highest step for their classification and with the highest leave accrual rates (ie general, vacation, and sick leave). Assuming each position is backfilled at a similar paygrade, in general, a new employee is brought in at step 2 and with much lower accrual rates.

Environmental Review: Not applicable

Section 3: Not applicable

Attachment: Resolution

RESOLUTION NO. _____

RESOLUTION AUTHORIZING THE PRESIDENT AND CEO TO OFFER A MULTI-YEAR RETIREMENT INCENTIVE PROGRAM

WHEREAS, the Housing Authority of the City of Los Angeles (the "Authority") is in the process of expanding its programs and implementing strategic changes and initiatives;

WHEREAS, by incentivizing retirements, the Authority will gain flexibility to continue restructuring operations and implementing efficiencies;

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners does hereby adopt the foregoing recitals as findings, and does hereby authorize the President and CEO to offer a retirement incentive as follows:

Eligible HACLA Employees who retire between May 1, 2020, and December 31, 2021, will be entitled to a retirement incentive. The retirement incentive is multi-tiered and based on the employee's effective retirement date. The tiers for the incentive are as follows:

- May 1, 2020 through August 31, 2020 – \$25,000
- September 1, 2020 through December 31, 2020 – \$20,000
- January 1, 2021 through August 31, 2021 – \$15,000
- September 1, 2021 through December 31, 2021 - \$10,000
- There will not be a retirement incentive in 2022.

The incentive will be non-PERSable compensation.

To be eligible, the participating employee must (1) be a permanent full-time Authority employee; (2) have vested in CalPERS by his/her selected retirement date; (3) be of a retirement eligible age under CalPERS (50 for Classic Members, 52 for PEPRA members); and (4) execute and submit a Resignation Form and General Release as approved by the Authority.

BE IT FURTHER RESOLVED that this Resolution shall take effect immediately.

HOUSING AUTHORITY OF THE
CITY OF LOS ANGELES

By: _____
Ben Besley, Chairperson

APPROVED AS TO FORM:

BY: _____
James Johnson, General Counsel

DATE ADOPTED: _____