

BOLO

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The Newsletter for The Los Angeles Airport Peace Officers Association



www.laapoa.com



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Pension Reform for New Hires

Editor's note: The following is an excerpt from a report sent to City Council and Mayor Villaraigosa from City Administrative Officer (CAO) Miguel A. Santana on September 18, 2012. To read the full report, go to <https://laapoa.com/membersonly/news.php>.

This report provides an update to a previous CAO report to the City Council dated October 22, 2010, regarding the City's pursuit of pension reform for new member hires of the Los Angeles City Employees' Retirement System (LACERS). The information in this report is the culmination of several initiatives to bring the pension system to sustainability as proposed in the City's Three Year Plan to Fiscal Sustainability.

During the last three years, the City has actively engaged in the following cost-containment measures: 1) increasing active member pension contributions from 7% to 11% to pay for retiree health care; 2) freezing retiree health care subsidies for noncontributing employees; 3) deferring cost-of-living adjustments; 4) reducing the size of the civilian workforce by nearly 5,000 positions (1993 employment levels); 5) implementing a new retirement tier for sworn personnel; and 6) lowering the new hire salary for sworn personnel by 20%. Notwithstanding these actions, the City remains in dire fiscal condition, and further long-term cost containment must be implemented to ensure fiscal stability. Therefore, it is recommended the City Council adopt a proposed new LACERS retirement tier for all new civilian hires.

The proposed new tier will reduce the City's future pension costs by:

- 1) Moving the normal retirement ages up from 55 to 65, to reflect growing trends that people are living longer;
- 2) Lowering the maximum retirement factor from 2.16% to 2.00% per year of service;
- 3) Capping the maximum retirement allowance at 75% of an employee's final compensation instead of up to 100%;
- 4) Eliminating pension spiking by setting an employee's pension on a three-year salary average as opposed to one year;
- 5) Modifying disability retirement benefits to avoid spikes in the number of disability retirements;

6) Eliminating the current 50% survivor continuance benefit and providing employees with an option to purchase a continuance for their surviving spouse/domestic partner;

7) Capping future retiree annual cost-of-living adjustments to 2% with the option for the employee to purchase up to 3%;

8) Requiring employees pay the full cost of purchasing service credit and limiting the number of years purchasable to four years maximum; and,

9) Controlling retiree health care costs by limiting the benefit to retirees only.

In addition, the most unique aspect of the proposed tier is the cost-sharing element, which requires employees [to] contribute a portion of their salary at 75% of the normal cost¹ of the pension benefits plus 50% of any future unfunded liabilities². This will relieve the City from carrying 100% of future pension cost increases.

On August 21, 2012, the City Council instructed the CAO to finalize an actuarial study with the plan design components outlined in this report. On September 11, 2012, the Executive Employee Relations Committee (EERC) instructed the CAO to work with the City Attorney to present the new LACERS tier for City Council consideration. The City Attorney is submitting the relevant ordinance for a new LACERS tier under a separate report.

The information in this report is for the City Council's consideration of a proposed new LACERS tier (Tier II) that will only apply to new hires effective July 1, 2013. It is estimated that implementation of Tier II will result in a five-year savings of \$30 million to \$70 million, a 10-year savings of \$169 million to \$309 million and a 30-year savings of \$3.9 billion to \$4.3 billion.

¹ Normal cost refers to the actual cost of the current benefits during a given year.

² Unfunded liabilities result from investment gains/losses during the year, actuarial assumption changes based on experience studies and plan amendments (e.g., benefit changes). Unfunded liability refers to the amount of money needed to pay for benefits (earned so far plus benefits not yet earned) based on a member's service. This amount is amortized to build the necessary assets over time to cover the liabilities.

LAPOA General Membership Meeting and Board Nominations

Thursday, Oct. 11, 2012 | 1600 Hrs | Location TBD

Cop's Expert Open Carry Response Goes Viral

The following article originally appeared on PoliceOne.com, the online resource for law enforcement, and is reprinted by permission of the PoliceOne editorial team. Visit PoliceOne to access articles, information and resources that help officers across the United States protect their communities and stay safe on the streets.

By PoliceOne Staff

KLAMATH FALLS, Ore. — A video that's quickly going viral in firearms forums shows an encounter between an officer and a citizen carrying a gun resembling an MP5.

In July, Klamath Falls Officer Mike Nork received a call of an armed man walking around near the town's main square, reported to be carrying what looked like an MP5, an automatic weapon that in Oregon — an open carry state — requires paperwork and identification to carry.

In the video, Nork approaches the man in front of a store and asks him to keep his hands away from the weapon, which the citizen says is a semi-automatic.

Nork then examines the firearm and confirms, visually and verbally, that the citizen can legally carry the weapon without ID.

"If it wasn't suspected of being fully auto, he would have been fine," Nork told PoliceOne. "And after a closer look, I didn't see anything illegal."

After the incident, Nork traced the citizen, who he called a "one-man activist group," to a YouTube channel where he posts similar encounters. In most of them, he appears to expect law enforcement contact.

The video is being praised on forums for Nork's professionalism in handling the encounter. He is a law enforcement veteran of nine years with no training in open carry specifically, but said he was blessed with the right words.

"There's not a cop that I know who wants to be on YouTube," Nork said. "But I'm glad I'm the guy who people are saying, 'Hey, let's do it this way.'"

To view the encounter, visit www.policeone.com/patrol-issues/articles/5930343-Video-Cops-expert-open-carry-response-goes-viral.

**Vote in the 2013-2015 LAAPOA
Board Elections!**

**Go to www.laapoa.com
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LOS ANGELES AIRPORT
PEACE OFFICERS ASSOCIATION
LAAPOA

6080 Center Drive, 6th Floor
Los Angeles, CA 90045
Telephone: (310) 242-5218
Fax: (310) 242-5201

E-mail: info@laapoa.com

Website: www.laapoa.com

Facebook: [Los Angeles Airport Police](https://www.facebook.com/LosAngelesAirportPolice)

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BOLO is a publication of the Los Angeles Airport Peace Officers Association (LAAPOA). Opinions expressed by individual Board members or contributing authors in this publication do not necessarily reflect the opinions of the entire Board.

The Board of Directors meets on the third Thursday of each quarter at the LAAPOA Headquarters.

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LAAPOA Board Meeting

Date: Thursday, October 11, 2012

Time: 10:30 a.m.

Location: LAAPOA Headquarters, Main Boardroom
6080 Center Drive, 6th Floor, Los Angeles, CA 90045

Agenda

Call to Order: McClain

Invited Guests: M. McGill (Lackie, Dammeier & McGill) and
V. Iseman and T. Szeliga (Alcalde & Fay)

Approval of Minutes: Board of Directors

Provider/Guest Reports: M. McGill (Lackie, Dammeier & McGill)

President's Report: McClain

Vice President's Report: Levy

Treasurer's Report: Staine

Secretary's Report: Dear

Committee Reports: Board of Directors

Old/New Business: Board of Directors

Political Action Report: Staine

Members' Comment Period: Board of Directors

Closed Session Items: Contracts, Negotiations

Adjournment: McClain

Next meeting scheduled for: TBD

Copies of meeting minutes must be requested in writing.

You may contact the Office of the

*Secretary at the LAAPOA Headquarters, (310) 242-5218, or
fax (310) 242-5201.*

General Membership Meeting

Date: Thursday, October 11, 2012

Time: 4 p.m. to 6 p.m.

Location: TBD (LAX), CA 90045

Agenda: Includes 2013-2015 union Board nominations*,
LAPD merger consolidation attempt, TSA mission
creep, contract talks/impasse process. State of the Union
Q&A session with briefings by Lackie, Dammeier &
McGill (general counsel) and Alcalde & Fay (lobbyist).
Learn how this all affects you and what happens next as
we move forward.

**2013-2015 LAAPOA Board elections will take place
between November 6-8, 2012. Dates, times and locations
will be posted at respective locations and on the LAAPOA
website (www.laapoa.com).*



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Los Angeles, CA 90012
www.cityemployeesclub.com