CITY OF ORANGE
Human Resources Department

Memo – Hot File

To: Honorable Mayor and Members of the City Council

Thru: Jarad Hildenbrand, City Manager

From: Monica Espinoza, Human Resources Director

Date: February 9, 2026

Re: Item 3.9 – Resolution No. 11657

This Hot File serves to provide an updated Resolution No. 11657 (Side Letter with the City of Orange Police Association).

This updated Resolution:

1. Restores an inadvertently deleted section/sentence which is now **Section 1C**; and

2. Changes the incorrect reference to Classic CalPERS Members in **Section 1D(c)** to New CalPERS Members.

City Council is asked to accept this updated and attached Resolution as amended.

RESOLUTION NO. 11657

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ORANGE ESTABLISHING A SIDE LETTER AGREEMENT BETWEEN THE CITY OF ORANGE AND THE CITY OF ORANGE POLICE ASSOCIATION, EFFECTIVE JANUARY 1, 2021 THROUGH AND INCLUDING JUNE 30, 2026

WHEREAS, the City of Orange, hereinafter "City", and the City of Orange Police Association, hereinafter "Association", are covered by the terms of a Memorandum of Understanding (MOU), adopted via Resolution No. 11516; and

WHEREAS, the City recently became aware that the California Public Employees' Retirement System (CalPERS) reviewed the MOU for the Association as part of a compensation review for a City of Orange retiree; and

WHEREAS, as part of this review, CalPERS determined that the Association's Holidays provision language and application is not compliant with the California Public Employees' Retirement Law (PERL) and the California Code of Regulations (CCR).

WHEREAS, in order to rectify this matter, a Side Letter Agreement is required by CalPERS.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Orange that the attached Side Letter Agreement is approved and incorporated by reference as Exhibit A.

ADOPTED this 10th day of February 2026.

_____
Daniel R. Slater, Mayor, City of Orange

ATTEST:

_____
Pamela Coleman, City Clerk, City of Orange

APPROVED AS TO FORM:

_____
Nathalie Adourian, City Attorney, City of Orange

STATE OF CALIFORNIA)
COUNTY OF ORANGE)
CITY OF ORANGE)

I, PAMELA COLEMAN, City Clerk of the City of Orange, California, do hereby certify that the foregoing Resolution was duly and regularly adopted by the City Council of the City of Orange at a regular meeting thereof held on the ____ day of _____, 2026 by the following vote:

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:

_____
Pamela Coleman, City Clerk, City of Orange

Attachment: Exhibit A

EXHIBIT A

A SIDE LETTER AGREEMENT
BETWEEN THE CITY OF ORANGE AND
THE CITY OF ORANGE POLICE ASSOCIATION
EFFECTIVE JANUARY 1, 2021 THROUGH AND INCLUDING JUNE 30, 2026

This Side Letter Agreement is entered into by and between the City of Orange and the City of Orange Police Association.

Recitals

A. The City of Orange, hereinafter "City", and the City of Orange Police Association, hereinafter "Association", hereby enter into this Side Letter Agreement with an effective date of January 1, 2021.

B. All references to the "MOU" in this Side Letter Agreement shall be to that Memorandum of Understanding by and between the City and the Association adopted by City Council Resolution No. 11516, or as amended. Except as to those provisions which expressly addressed by this Side Letter Agreement, the terms and conditions of the MOU remain operative.

Agreement

The Holidays provision (MOU Article XIII) is hereby modified in its entirety as follows:

SECTION 1.

A. All classifications in this Association (sworn and non-sworn) work without regard to holidays and all three (3) sections of this Article apply to all classifications (sworn and non-sworn).

B. Each January 1st, all employees in this Association shall receive 105 hours of holiday pay. New employees shall receive a prorated amount of holiday pay hours at the rate of one-twelfth (1/12) of the hours per month employment begins and the remaining months in the calendar year. For example, an employee who is new to the Association on August 27th shall receive five-twelfths (5/12) of 105 hours upon hire.

C. As set forth in this MOU, holiday pay shall be paid at the employee's net rate of pay.

D. Sworn PEPRA CalPERS Members:

   a. These employees shall receive their hours of holiday pay as time off or convert it to cash within the calendar year it is earned. Unused holiday pay hours may be cashed out at any time, upon request by the employee. Holiday pay hours not used or cashed out shall automatically be paid out in the final paycheck in December.

b. Holiday pay hours taken as time off shall be taken at the convenience of the City with the approval of the Police Chief or a duly authorized designee.

c. Holiday pay hours shall not be reported to CalPERS as special compensation and is not pensionable compensation for New Members pursuant to CalPERS Regulations, Section 571.1(b)(3).

d. Effective January 1, 2026, these employees shall only receive their hours of holiday pay in equal bi-weekly payments.

e. Effective January 1, 2026, holiday pay hours shall be reported to CalPERS as special compensation and is pensionable compensation for New Members pursuant to CalPERS Regulations, Section 571.1(b)(3).

E. Sworn Classic CalPERS Members:

a. These employees shall receive their hours of holiday pay as time off or convert it to cash within the calendar year it is earned. Unused holiday pay hours may be cashed out within the calendar year it is accrued, upon request by the employee. Holiday pay hours not used or cashed out shall automatically be paid out in the final paycheck in December.

b. Holiday pay hours taken as time off shall be taken at the convenience of the City with the approval of the Police Chief or a duly authorized designee.

c. Holiday pay hours shall be reported to CalPERS as special compensation and is compensation earnable for Classic Members pursuant to CalPERS Regulations, Section 571(a)(5).

F. Non-sworn PEPRA CalPERS Members:

a. These employees shall receive their hours of holiday pay as time off or convert it to cash within the calendar year it is earned. Unused holiday pay hours may be cashed out at any time, upon request by the employee. Holiday pay hours not used or cashed out shall automatically be paid out in the final paycheck in December.

b. Holiday pay hours taken as time off shall be taken at the convenience of the City with the approval of the Police Chief or a duly authorized designee.

c. Holiday pay hours shall not be reported CalPERS as special compensation and is not pensionable compensation for New Members pursuant to CalPERS Regulations, Section 571.1(b)(3).

G. Non-sworn Classic CalPERS Members:

a. These employees shall receive their hours of holiday pay as time off or convert it to cash within the calendar year it is earned. Unused holiday pay hours may be

cashed out at any time, upon request by the employee. Holiday pay hours not used or cashed out shall automatically be paid out in the final paycheck in December.

b. Holiday pay hours taken as time off shall be taken at the convenience of the City with the approval of the Police Chief or a duly authorized designee.

c. Holiday pay hours shall be reported to CalPERS as special compensation and is compensation earnable for Classic Members pursuant to CalPERS Regulations, Section 571(a)(5).

SECTION 2. The 105 holiday pay hours all employees in this Association receive each January 1st are for the designated holidays below. Employees working on holidays designated below shall receive their regular straight time hourly pay for hours worked within their regular schedule. Hours worked on a holiday in excess of an employee's regularly scheduled hours shall be paid in accordance with the applicable Overtime provision within this MOU.

1) January 1st (New Year's Day)
2) The third Monday in February (Presidents' Day)
3) Last Monday in May (Memorial Day)
4) July 4th (Independence Day)
5) First Monday in September (Labor Day)
6) November 11th (Veterans Day)
7) Fourth Thursday in November (Thanksgiving Day)
8) Fourth Friday in November (Day after Thanksgiving)
9) December 25th (Christmas Day)

SECTION 3. Upon separation from the City, an employee covered by this MOU shall receive all remaining holiday pay in cash.

CITY OF ORANGE

Dated: _____

By: _____
Monica Espinoza, Human Resources Director

CITY OF ORANGE POLICE ASSOCIATION

Dated: _____

By: _____
Yash Patel, President

APPROVED AS TO FORM:

_____
Nathalie Adourian, City Attorney