



# Agenda Item

## Orange City Council

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Item #: 3.26.

4/28/2026

File #: 26-0160

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**TO:** Honorable Mayor and Members of the City Council

**THRU:** Jarad Hildenbrand, City Manager

**FROM:** Monica Espinoza, Human Resources Director

### 1. SUBJECT

Letters of Understanding between the City of Orange and the Orange Municipal Employees' Association and the Orange Management Association

### 2. SUMMARY

Resolution No. 11668 establishes a Letter of Understanding between the City of Orange and the Orange Municipal Employees' Association effective July 1, 2026 through and including June 30, 2027.

Resolution No. 11675 establishes a Letter of Understanding between the City of Orange and the Orange Management Association effective July 1, 2026 through and including June 30, 2027.

### 3. RECOMMENDED ACTION

1. Adopt Resolution No. 11668. A Resolution of the City Council of the City of Orange establishing a Letter of Understanding between the City of Orange and the Orange Municipal Employees Association effective July 1, 2026 through and including June 30, 2027.
2. Adopt Resolution No. 11675. A Resolution of the City Council of the City of Orange establishing a Letter of Understanding between the City of Orange and the Orange Management Association effective July 1, 2026 through and including June 30, 2027.

### 4. FISCAL IMPACT

Orange Municipal Employees' Association: The total cost is approximately \$340,300, of which \$276,100 is funded through the General Fund.

Orange Management Association: The total cost is approximately \$195,500, of which \$121,600 is funded through the General Fund.

These adjustments are included in the FY27 budget.

### 5. STRATEGIC PLAN GOALS

Goal 1: Maintain Strong Emergency and Safety Services

Goal 4: Improve Employee Retention and Recruitment

## 6. DISCUSSION AND BACKGROUND

In February 2026, the City began the collective bargaining process with the Orange Municipal Employees' Association and the Orange Management Associations, collectively the "Parties". The current contracts between the Parties expire on June 30, 2026.

The Parties agree to incorporate these provisions into future Memoranda of Understanding in 2027. Until such time, all specified terms and conditions of employment set forth in Resolution Nos. 11629 and 11632 shall remain in full force and effect through and including June 30, 2027. Elements of the one-year contract extension include:

<b>TERM</b>	July 1, 2026 - June 30, 2027.
<b>COMPENSATION</b>	Effective June 28, 2026, 3.0% cost of living adjustment to base salary effective June 28, 2026. Annual Salary Tables are attached as Appendix A.
<b>NO FURLOUGHS OR LAYOFFS</b>	During the term of these Agreements, the City shall not impose furloughs, reduction in work hours, or layoffs on any Association represented employees. This provision shall sunset on June 30, 2027 and will no longer be applicable after this date.
<b>LABOR - MANAGEMENT WORKING GROUP</b>	During the term of these Agreements, the City and the Associations agree to establish a joint labor-management working group to evaluate and develop recommendations regarding alternative work schedules, including 4/10 work schedules, and telecommuting opportunities for eligible classifications represented by the Associations. The working group shall convene within ninety (90) days of ratification of the LOU and meet regularly as mutually agreed.
<b>LANGUAGE CLEANUP</b>	OMA & OMEA: Modify Vacation Conversion provision pursuant to Internal Revenue Code 451 (Constructive Receipt). OMEA: The City will compensate its employees overtime in accordance with the current MOU, portal-to-portal, while in the course of their employment and away from their official duty station and assigned to an emergency incident, in support of an emergency incident, or pre-positioned for emergency response during a City Manager-declared emergency.

**PARITY AGREEMENT**

Due to the unique circumstances of these negotiations, in the event any other bargaining group negotiates and receives any other monetary compensation increase during the term of this Agreement, including but not limited to specialty pays, incentive pays, premium pays, stipends, educational incentives, certification pay, longevity pay adjustments, one-time payments, bonuses, uniform allowances, holiday pay, or any other form of compensation that increases total cash remuneration, such increase(s) shall likewise be provided to members of the Orange Management Association and the Orange Municipal Employees' Association under the same effective date, percentage or monetary value, and equivalent terms and conditions, unless expressly excluded by mutual written Agreement of the Parties.

Both Associations took these terms to a vote of their membership and ratified the Tentative Agreements. City Council approval is required to finalize these Agreements in the form of a Letter of Understanding.

**7. ATTACHMENTS**

- Resolution No. 11668
- Resolution No. 11675