



ORANGE COUNTY SHERIFF'S DEPARTMENT

SHERIFF-CORONER
SANDRA HUTCHENS

June 27, 2014

Mr. Mark A. Pulone, City Manager
City of Yorba Linda
4845 Casa Loma Avenue
Yorba Linda, CA 92885

Dear Mr. Pulone:

On March 25, 2014, the Board of Supervisors ratified the FY 2014-15 Memorandum of Understanding (MOU) with eight bargaining units, members of the Orange County Employees Association (OCEA). This agreement included increased costs and future planned savings, some of which impact the FY 2013-14 current law enforcement agreements as summarized below:

- **Increased Costs:** Effective April 4, 2014, salaries were increased by 1.25%. In addition, employees on payroll as of April 18, 2014, received a one-time, off schedule lump sum payment equivalent to 1.25% of their salaries.
- **Future Projected Savings:**
 - Changes to health plans, projected to implement savings, are to be implemented as soon as possible. Savings to be realized beginning in FY 2014-15 cannot be projected at this time.
 - Merit Step reduction, capping step increases from 2 steps to 1 step are effective June 1, 2015. Savings cannot be projected at this time.
 - Performance Incentive Program (PIP) non-cashable time off provided to employees who meet performance goal(s) will be reduced from 40 hours to 20 hours effective June 1, 2015. Savings cannot be projected at this time.
 - Confidential Pay will be grandfathered to current employees only; no additional employees will be granted Confidential Pay. Annual savings county-wide projected at only \$40,000. No benefit to cities projected at this time.

550 N. FLOWER STREET, SANTA ANA, CA 92703 (714) 647-7000

The FY 2013-14 law enforcement agreements with each city included language which provided for the adjustment of the contract cost if the County became obligated or incurred increased costs in salaries and benefits for County employees. Savings are also adjusted in the form of credits back to each city. Savings under the new agreement cannot yet be calculated and will not have impact until FY 2014-15 or later. Credits will be issued when the savings can be calculated.

The following changes have been included in the calculation of a FY 2013-14 adjusted cost study which will result in additional cost to the City:

- Inclusion of a 1.25% increase to professional staff salaries (direct, regional and indirect) for the period April 4, 2014 through June 30, 2014.
- Inclusion of a lump sum payment equivalent to 1.25% of professional staff salaries (direct, regional and indirect).
- The changes above result in an increase in the contract maximum for FY 2013-14 of \$11,349.

FY 2013-14 Final	FY 2013-14 Adjusted	Change to Contract Maximum Obligation	% Change
\$8,639,619	\$8,650,968	\$11,349	0.13%

- A secondary calculation requires that we review all vacancy credits previously granted against the adjusted fiscal year 2013-14 contract and revise for the salary increases described above. This adjustment will increase credits already given the City and will partially offset the increase in the adjusted contract maximum obligation. The adjusted credits are currently being calculated and the final net impact to the FY 2013-14 agreements is not known at this time.

As the FY 2013-14 agreement is fully billed, we anticipate billing the net adjustment by August 31, 2014. Please notify us in writing if you require an earlier billing to meet fiscal-year-end accounting requirements.

The FY 2014-15 law enforcement agreements already include the impact of ratified OCEA salary changes and related benefits. There will be no additional increases to the City's FY 2014-15 maximum obligation related to the OCEA MOU. If planned savings in health and other benefits are achieved during FY 2014-15, agreements will be adjusted to allocate savings to the City.

Labor contract negotiations are still in progress for the Association of Orange County Deputy Sheriffs (AOCDS). The County and AOCDS have begun a mediation process. We will continue to provide you with negotiation updates as information is available.

Please let us know if you need any additional information or if you would like to meet to review the adjusted cost study calculations or the information related to the pending vacancy credits. If you have any questions regarding these adjustments or any other issue, please contact me at (714) 834-3352.

Sincerely,



Margaret A. Cady, Contract Manager
Law Enforcement Contracts

Attachment

- c: Lieutenant Robert Wren, Chief of Police Services (Yorba Linda)
- David Christian, Finance Director (Yorba Linda)
- Sophia Leung, Financial Services Manager (Yorba Linda)
- Luz Lopez, Contract Assistant, Financial/Administrative Services Division