

**LETTER OF UNDERSTANDING**  
**between the**  
**THE YORBA LINDA CHAPTER OF THE**  
**ORANGE COUNTY EMPLOYEES ASSOCIATION**  
**and the CITY OF YORBA LINDA**

The Yorba Linda Chapter of the Orange County Employees Association (“Association”) and the City of Yorba Linda (“City”), herein referred to collectively as the “Parties,” have met and conferred and reached an agreement regarding Annual Leave and the modification of the Memorandum of Understanding (MOU) between the Association and the City for the term of July 1, 2024, to June 30, 2027. The Parties herein agree to the following terms:

1. Effective upon the Adoption of this Letter of Understanding (LOU) by the City Council of the City of Yorba Linda, Article A shall be added to the MOU and will be titled and indexed as a numbered article in the successor MOU. Article A will be read in its entirety as follows:

**MISCELLANEOUS EMPLOYEES ANNUAL LEAVE**

All regular employees hired before April 1, 2025, may make a one-time, irrevocable election by March 3, 2025, to transition to Miscellaneous Annual Leave under this article. The effective date for Annual Leave for employees who make the one-time election by March 3, 2025, is April 1, 2025. Thereafter, eligible employees hired before April 1, 2025, may opt into Miscellaneous Annual Leave on or before December 1 of each calendar year. Any subsequent December 1 election will become effective January 1 of the following year.

All regular employees who elect Miscellaneous Annual leave under this article and all regular employees hired on or after April 1, 2025, shall be permanently granted annual leave in place of separate sick and vacation leave, which can be used for any purpose including sick leave and vacation leave. Annual leave shall accrue on the following basis:

1 - 4 years of service	4.5 weeks/year or 6.923 hours/pay period
5 + years of service	5.5 weeks/year or 8.462 hours/pay period

Part-time regular, permanent competitive service employees shall accrue Annual Leave on a pro-rata basis based on the full-time equivalent level of their position (e.g. 0.75 or 0.50).

Employees may accumulate an amount up to double their annual accrual. Once the maximum accrual is reached, any excess “carryover” must be approved by the City Manager, otherwise, the employee will be paid for the excess leave on each pay date where the maximum accrual amount is exceeded until such time as the leave balance drops below the maximum accrual.

Any unused Annual Leave time above one-half of the employee’s annual accrual may be subject to buyback in June of each year at the employee’s option. The buyback is based

on the number of unused annual leave hours requested for buyback multiplied by the employee's base hourly rate.

2. Effective upon the Adoption of this Letter of Understanding (LOU) by the City Council of the City of Yorba Linda, Article II shall be amended to read in relevant part as follows:

L. Work Week and Work Day The regular work week for all employees shall be forty (40) hours. For purposes of accruing vacation, annual, sick and bereavement leave, the working day for forty (40) hours per week employees shall be eight (8) hours.

3. Effective upon the Adoption of this Letter of Understanding (LOU) by the City Council of the City of Yorba Linda, Article VIII shall be amended to read in relevant part as follows:

- a. Fourteen (14) day elimination period. (First-day coverage if hospitalized due to an accident.) Employees shall be required to use sick leave during the elimination period. Use of vacation or annual leave accrual at the end of sick leave shall be at the option of the employees.

4. Effective upon the Adoption of this Letter of Understanding (LOU) by the City Council of the City of Yorba Linda, Article X shall be amended to read in its entirety as follows:

All regular, permanent, competitive service employees shall be granted annual vacation leave and shall accrue annual vacation leave on the following basis:

1 - 3 years of service	2 weeks/year or 3.077 hours/pay period
4 - 9 years of service	3 weeks/year or 4.615 hours/pay period
10 + years of service	4 weeks/year or 6.154 hours/pay period

Part-time regular, permanent competitive service employees shall accrue vacation time on a pro-rata basis based on the full-time equivalent level of their position (e.g. 0.75 or 0.50).

Employees may accumulate an amount up to double their annual accrual. Any excess "carryover" must be approved by the City Manager. Once the maximum accrual is reached, there is no more accrual of vacation until one goes below the maximum and has "cap room" to accrue.

Any unused vacation time above one-half of the employee's annual vacation accrual may be subject to buyback in June of each year at the employee's option. The buyback is based on the number of unused vacation hours requested for buyback multiplied by the employee's hourly rate. In order to be eligible for the yearly buyback, an employee must utilize a minimum of forty (40) hours of vacation during the fiscal year in which the buyback is requested.

All regular employees who elect Miscellaneous Annual Leave under ARTICLE A, and all regular employees who are hired on or after April 1, 2025, shall no longer accrue vacation leave under this article. Instead, these employees will accrue Annual Leave under

ARTICLE A. Existing accrued vacation leave will be converted to Annual Leave on a one-for-one basis.

5. Effective upon the Adoption of this Letter of Understanding (LOU) by the City Council of the City of Yorba Linda, Article XI shall be amended to read in its entirety as follows:

All regular, permanent, competitive service employees shall accrue sick leave at a rate of one day (eight hours) per calendar month. Part-time, regular, permanent, competitive service employees shall accrue sick leave on a pro-rata basis based on the full-time equivalent level of their position (e.g. 0.75 or 0.50). Employees are eligible to accumulate a maximum of 2,500 hours of sick leave.

Employees hired prior to July 1, 2001, shall be paid upon separation any accumulated, unused sick leave at the rate of 25% after ten (10) years of service; 50% after fifteen (15) years of service; and 75% after twenty (20) years of service. Unused sick leave shall be paid at a rate of 100% only if the employee contributes the entire amount of the funds up to the IRS annual limit into a qualified deferred compensation plan implemented by the City. Any funds available beyond the IRS limit will be paid as cash at the rate of 100%. Employees hired on or after July 1, 2001, shall not be eligible for the payoff of unused sick leave upon separation as set forth above.

All regular employees who elect Miscellaneous Annual Leave under ARTICLE A and all regular employees who are hired on or after April 1, 2025, shall no longer accrue annual sick leave at a rate of one day (eight hours) per calendar month as of April 1, 2025. Any sick leave balances that remain as of April 1, 2025, in an electing employee's accrual bank will be frozen and not increased going forward. This balance may be used for actual sick leave, paid upon separation in accordance with this Article, or converted to service credit upon retirement with CalPERS in accordance with the City's contract with CalPERS. Employees may choose whether to utilize annual leave or any remaining sick leave when they are sick or use personal necessity leave until they have depleted their sick leave hours.

6. Effective upon the Adoption of this Letter of Understanding (LOU) by the City Council of the City of Yorba Linda, Article XVIII shall be amended to read in its entirety as follows:

All permanent, competitive service employees may receive catastrophic leave donations from other employees (on a voluntary basis) if the employee has a catastrophic medical condition which will require the employee to be on unpaid leave for at least one month. Provided the employee has exhausted all accrued sick leave, vacation, annual leave, and compensatory time, a written request for donations shall be submitted to the Department Head. The request must be accompanied by a medical statement from the employee's attending physician who verifies the employee's need for an extended medical leave and must include a brief statement of the nature of the illness or injury and an estimated time the employee will be unable to work. Employees who receive donations under this procedure and who exhaust all donated sick leave may request an additional donation period subject to the aforesaid provisions.

7. Effective upon the Adoption of this Letter of Understanding (LOU) by the City Council of the City of Yorba Linda, Article XIX shall be amended to read in its entirety as follows:

#### Payment for Overtime

Except for employees exempt from the provisions of the Federal Fair Labor Standards Act, employees shall be compensated for overtime by the payment at the rate of one and one half (1 1/2) times base salary for all hours over forty (40) paid in an FLSA seven (7) day work period, and at the rate of two (2) times base salary for Sundays and holidays regardless of the number of hours worked in the FLSA seven (7) day work period.

Scheduled and approved holiday hours, floater holiday hours, vacation hours, compensation hours, annual leave hours, and personal necessity hours shall be considered as "hours worked" for the purpose of calculating overtime. The aforementioned examples regarding compensation hours which are paid, but not worked will be accounted for as if they were worked for calculating overtime.

Sick hours that are not converted to personal necessity hours shall not be considered as "hours worked" for the purpose of calculating overtime.

#### Compensatory Time

- A. Subject to the approval of the Department Head or designee, employees may elect to take compensatory time off in lieu of receiving overtime pay. An employee who requests and is approved for compensatory time off in lieu of overtime is entitled to one and one half (1 1/2) hours of compensatory time off for each hour for which he/she would otherwise be entitled to overtime pay and two (2) times base salary for Sundays and scheduled holidays. Compensatory time accumulated may not exceed forty (40) hours at any one time.
  - B. Compensatory time off must be used in a minimum of quarter (.25) hour increments. Additionally, compensatory time off may be used in combination with vacation time, sick leave, annual leave, and/or personal necessity. Other leave time (i.e., vacation, sick leave, annual leave, personal necessity, etc.) cannot be converted to compensatory time.
8. Effective upon the Adoption of this Letter of Understanding (LOU) by the City Council of the City of Yorba Linda, Article XXI shall be amended to read in relevant part as follows:

If a floating holiday is taken on a day when an employee is scheduled to work, the employee must have a sufficient number of floating holiday hours, vacation leave, annual leave, or compensatory time to cover the eight (8) or nine (9) hour workday. Absent these accrued leave times, an employee's time will be reflected as leave without pay for the difference.

9. The amended language in this LOU will be included in successor MOUs between the Association and City unless otherwise amended or modified in future negotiations between the Parties.

10. All other provisions of the MOU shall remain unchanged by this LOU.

CITY OF YORBA LINDA

YORBA LINDA OCEA ASSOC.

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