September 30, 2025

Dear Mayor and City Council:

This letter shall serve to address the September 29, 2025 letter by Mayor Pro Tem Vasquez requesting an investigation into the health plan of the Santa Ana Police Officers Association. His request, and the basis for it, is simply untrue and quite frankly, defamatory. It is deeply concerning that Mayor Pro Tem Vazquez does not understand the structure and functioning of public employment health insurance, health care trust funds itself, or apparently the way in which medical benefits are provided. It is concerning that this individual lacks such a basic understanding, but yet, is charged with leading this great City.

The Santa Ana POA Trust was established in 1992 for the sole purpose of providing health related benefits to active members and retired public safety officers and their families. Since 1992, the Trust has been funded by contributions made to it by the City of Santa Ana pursuant to the collectively bargained and mutually agreed to agreements between the City and the Santa Ana POA. The agreements are memorialized in a series of collective bargaining agreements that are approved by the City Council following negotiations, approximately every three years. The City and SAPOA negotiate the amount of contributions that the City will make towards health care, and that amount, as well as other provisions in the MOU are all approved by this City Council.

In addition, contributions to the Trust are also made by the employees covered under the MOU. Over the years, the Trustees of the Trust have used the trust assets for the sole purpose of paying for health care premiums for the members represented by SAPOA. While the contributions are held to be paid out for health care premiums, the contributions have been prudently invested. As is a best practice for a health care trust fund, the Trust has invested all amounts not used for health care benefits, and through the years have grown reserves which are held in investment accounts. It is essential for health care trusts to hold reserves to account for the unpredictable nature of rising health care costs and premiums. This is particularly important since the MOU establishing the contribution amounts is negotiated every three years, and the negotiated amounts may not cover increases to costs. The audit itself notes that the Trust should strive to keep between approximately $3,000,000 and $5,600,000 in reserves as a best practice.

Currently, and since 2023, the City contributes $1575.00 per employee per month to the Trust—this contribution is significantly less than what the City contributes for nearly every other city employee. However, the actual cost of providing health care benefits for employees and their families on average is almost $1900.00 per month. The City contributions to the Trust have been much less than the amount needed to pay the premiums for healthcare benefits for our members and their families. Therefore, we have had to use our Trust assets to

make up the difference between the payment of premiums for healthcare and what the City has contributed. That was the case in 2023 and it is the case now. Mayor Pro Tem Vasquez's claim that the City overpaid by $3,000,000 is simply wrong. The City underpaid. The "deficit" Mayor Pro Tem notes of about $600,000 per year is the difference of the cost of health care benefits versus the contributions the Trust receives. We are using our reserves to cover that difference and make sure that our members are receiving the health care benefits they deserve.

There are several more concerns and are willing to discuss further with the city, in good faith. At the moment, we do not have the confidence that the city will operate in good faith due to the actions of Mayor Pro Tem Vazquez. We hope we can work together to resolve all the issues but will reserve all rights under the law to protect our members from this blatant assault on their rights and Mayor Pro Tem Vazquez attempt to union bust.

Respectfully,

John Kachirisky
President
Santa Ana Police Officers Association