

MEMORANDUM OF UNDERSTANDING
BETWEEN
THE CITY OF NEWPORT BEACH
AND
THE NEWPORT BEACH EMPLOYEES LEAGUE



Term: June 14, 2025 through June 30, 2028~~January 1, 2022 through December 31, 2025~~

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**MEMORANDUM OF UNDERSTANDING BETWEEN
THE CITY OF NEWPORT BEACH AND
NEWPORT BEACH EMPLOYEES LEAGUE**

This MEMORANDUM OF UNDERSTANDING (hereinafter referred to as "MOU") is entered into with reference to the following:

PREAMBLE

1. The NEWPORT BEACH EMPLOYEES LEAGUE ("NBEL"), a recognized employee organization, affiliated with the Orange County Employees Association ("OCEA"), and the City of Newport Beach ("City"), a municipal corporation and charter city, have been meeting and conferring, in good faith, with respect to wages, hours, fringe benefits and other terms and conditions of employment.
2. NBEL representatives and City representatives have reached agreement as to wages, hours and other terms and conditions of employment for the period from June 14, 2025 through June 30, 2028 ~~January 1, 2022 through December 31, 2025~~ and this agreement has been embodied in this MOU.
3. This MOU, upon approval by NBEL and the Newport Beach City Council, represents the total and complete understanding and agreement between the parties regarding all matters within the scope of representation.

SECTION 1. GENERAL PROVISIONS

A. RECOGNITION

In accordance with the provisions of the Charter of the City of Newport Beach, the Meyers-Milias-Brown Act of the State of California and the provisions of the Employer's/Employee Labor Relations Resolution No. 2001-50, City hereby confirms its prior certification of NBEL as the recognized employee organization for the purpose of meeting and conferring regarding wages, hours and other terms and conditions of employment for all employees in those classifications specified in Exhibit "A", or as appropriately modified in accordance with the Employer/Employee Resolution. All other classifications and positions not specifically included within Exhibit "A" are excluded from representation by the NBEL.

B. TERM

1. Except as specifically provided otherwise, any ordinance, resolution or action of the City Council necessary to implement this MOU shall be considered effective as of June 14, 2025 ~~January 1, 2022~~. This MOU shall remain in full force and effect until June 30, 2028 ~~December 31, 2025~~, and the provisions of this MOU shall continue after the date of expiration of this MOU in the event the parties are meeting and conferring on a successor MOU.

2. The provisions of this MOU shall prevail over conflicting provisions of the Newport Beach City Charter, the ordinances, resolutions and policies of the City of Newport Beach, federal and state statutes, rules and regulations which either specifically provide that agreements such as this prevail, confer rights which may be waived by any collective bargaining agreement, or are, pursuant to decisional or statutory law, superseded by the provisions of an agreement similar to this MOU.

C. RELEASE TIME

1. Four NBEL officers designated by the NBEL shall collectively be granted an annual maximum of 150 hours paid release time, for the conduct of NBEL business. Such time shall be exclusive of actual time spent in collective bargaining and shall be scheduled at the discretion of the NBEL officer. Every effort will be made to schedule this time to avoid interference with City operations.
2. Release time designees shall be identified annually and notice shall be provided to the City. Release time incurred shall be reported regularly in the form and manner prescribed by the City.
3. Activities performed on release time shall include representation of members in rights disputes; preparation for collective bargaining activities, and distribution of NBEL written communication in the workplace.
4. Each January, the City will examine the number of Release Time hours the NBEL used the preceding year. If the NBEL used in excess of 75% of the hours normally granted (150), the NBEL will be granted an additional 30 hours for that year.

D. SCOPE

1. All present written rules and current established practices and employees' rights, privileges and benefits that are within the scope of representation shall remain in full force and effect during the term of this MOU unless specifically amended by the provisions of this MOU.
2. The practical consequences of a Management Rights decision on wages, hours, and other terms and conditions of employment shall be subject to the grievance procedures.
3. Pursuant to this MOU, the City reserves and retains all of its inherent exclusive and non-exclusive managerial rights, powers, functions and authorities ("Management Rights") as set forth in the Employer-Employee Relations Resolution No. 2001-50. Management Rights include, but are not limited to, the following:
 - (a) the determination of the purposes and functions of City Departments;

- (b) the establishment of standards of service;
- (c) to assign work to employees as deemed appropriate;
- (d) the direction and supervision of its employees;
- (e) the discipline of employees;
- (f) the power to relieve employees from duty for lack of work or other legitimate reasons;
- (g) to maintain the efficiency of operations;
- (h) to determine the methods, means and personnel by which operations are to be conducted;
- (i) the right to take all necessary actions to fulfill the Department's responsibilities in the event of an emergency; and
- (j) the exercise of complete control and discretion over the manner of organization, and the appropriate technology, best suited to the performance of departmental functions.

The practical consequences of a Management Rights decision on wages, hours, and other terms and conditions of employment shall be subject to the grievance procedures.

E. CONCLUSIVENESS

With the exception of a separate MOU covering retirement issues, this MOU contains all of the covenants, stipulations, and provisions agreed upon by the parties. Therefore, for the term of this MOU, neither party shall be compelled, and each party expressly waives its rights to request the other to meet and confer concerning any issue within the scope of representation except as expressly provided herein or by mutual agreement of the parties. No representative of either party has the authority to make, and none of the parties shall be bound by, any statement, representation or agreement reached prior to the execution of this MOU and not set forth herein.

As provided in the Employer-Employee Relations Resolution No. 2001-50, the City shall determine the manner in which City services are to be provided, including whether the City should provide services directly or contract out work, including work that is currently being performed by NBEL members. In the event the City introduces a plan to outsource services currently being performed by NBEL members to achieve greater efficiency and/or cost savings, and upon request by the NBEL, the City shall meet and confer with NBEL representatives to discuss the impacts of the City's decision to contract out work. The City shall retain sole authority to decide whether or not to contract out work, including

work that is currently being performed by NBEL members. This provision shall not limit the City's authority to enter into such an agreement for any City services.

F. MODIFICATIONS

Any agreement, understanding, waiver or modification of any of the terms or provisions of this MOU shall not be binding upon the parties unless contained in a written document executed by authorized representatives of the parties.

G. NBEL DUES

1. The collection of NBEL dues shall be handled through the payroll deduction process.
2. NBEL agrees to defend, indemnify and hold harmless the City for its collection of NBEL dues.

SECTION 2. COMPENSATION

A. SALARY

Base salary increases for all NBEL represented classifications shall be as follows and as specified in Exhibit A:

Effective June 14, 2025, there shall be a base salary increase of five percent (5.0%) for all classifications in the bargaining unit.

Effective the first full pay period after July 1, 2026, there shall be a base salary increase of four percent (4.0%) for all classifications in the bargaining unit.

Effective the first full pay period after July 1, 2027, there shall be a base salary increase of three percent (3.0%) for all classifications in the bargaining unit.

~~Effective the first day of the pay period following January 1, 2022 there shall be a base salary increase of one percent (1.0%) for all classifications in the bargaining unit. Individuals must be employed by the City on the first day of the pay period following City Council adoption to qualify for retroactive payment of the cost of living adjustment (COLA).~~

~~Effective the first day of the pay period following January 1, 2023 there shall be a base salary increase of three percent (3.0%) for all classifications in the bargaining unit.~~

~~Effective the first day of the pay period following January 1, 2024 there shall be a base salary increase of three percent (3.0%) for all classifications in the bargaining unit.~~

~~Effective the first day of the pay period following January 1, 2025 there shall be a base salary increase of three percent (3.0%) for all classifications in the bargaining unit.~~

Salary Schedule Adjustment

~~Effective the pay period which includes July 1, 2023, the City will add a new top step ("New Top Step") to the salary schedule for all represented positions, which shall be five percent (5%) more than the current top step ("Current Top Step"). The Parties acknowledge and agree that the first step for all represented positions currently in effect is not being eliminated.~~

~~With the following exception, step advancement through the salary ranges is unaffected by the addition of the New Top Step:~~

~~Employees who have been at the Current Top Step for longer than 12 months as of June 30, 2023, will advance to the New Top Step in the pay period which includes July 1, 2023.~~

B. OVERTIME

1. Advanced Approval - Employees must have advanced approval from their supervisor to work overtime.
2. FLSA Overtime - Overtime earned for actual work hours in excess of 40 in the employee's defined FLSA workweek.
3. Contract Overtime - Overtime earned for an employee whose hours paid in their defined FLSA workweek exceeds 40. For purposes of calculating hours paid for contract overtime, holidays and pre-scheduled vacation or Flex leave occurring during the work week count as time worked. The use of sick leave, floating holiday hours or flex leave that is not pre-scheduled and approved in writing in advance do not count as hours worked for purposes of calculating hours paid for determining eligibility for contract overtime.
4. Rate at Which Overtime is Calculated - Both FLSA and Contract Overtime (paid at time and one half- 1.5) shall be calculated at the regular rate of pay, except that the rate at which Contract Overtime is calculated shall not include the City's Cafeteria Plan Allowance, the opt-out Cafeteria Plan Allowance, or any cash back an employee may receive from the Cafeteria Plan Allowance by choosing benefits which cost less than the Allowance.
5. Workweek for Purposes of Calculating Overtime - For employees who work the 9/80 work schedule, their defined FLSA workweek shall begin exactly four hours after the start time of their shift on their alternating regular day off (i.e., their eight-hour day) and end exactly 168 hours later. For employees who work a 5/40 work schedule, their workweek shall begin on Saturday at 12:01 a.m. and will end exactly 168 hours later the following Saturday at 12:00 a.m.
6. Work Schedule - Regardless of the type of work schedule an employee is assigned

(e.g., 5/40 and 9/80), full time employees are regularly scheduled to work forty (40) hours in their defined FLSA workweek.

7. Reporting Time - The City calculates overtime in tenths of an hour. An employee who works in excess of three minutes of the next tenth should round up to the next tenth and if the employee works three minutes or less of the next tenth should round down. For example, if an employee whose normal work schedule ends at 5:00 p.m. works until 5:03 p.m. he/she should round down and not report the additional three minutes. However, if the employee works until 5:04 p.m., he/she should report an additional tenth of an hour of time worked.

C. STANDBY DUTY

1. Defined

- (a) To be ready to respond immediately to calls for service;
- (b) To be reachable by telephone;
- (c) To remain within a specified distance from his/her work station; and
- (d) To refrain from activities which might impair the employee's ability to perform his/her assigned duties.

2. Compensation

Effective June 14, 2025, Sstandby duty compensation for all unit employees shall be twelve dollars (\$12.00) ~~eight dollars (\$8.00)~~ per hour. Standby pay will not be piggybacked with any other paid time, such as call-back, scheduled or unscheduled overtime, or if working a scheduled shift.

D. CALL-BACK ~~DUTY~~

1. Defined

Call-back ~~duty~~ requires the employee to respond to a request to return to his/her work station after the normal work shift has been completed and the employee has left his/her normal work station. Those periods of overtime which had been scheduled by the Department Director prior to the end of the normal work shift are not considered call-back duty.

2. Compensation

All employees on call-back duty shall receive a minimum of two (2) hours pay. If an employee works more than two (2) hours, he/she shall receive pay for actual

hours worked.

E. ACCUMULATION OF COMPENSATORY TIME OFF

Unit members may receive compensatory time off (CTO), in lieu of cash, as compensation for overtime hours worked at the rate of one and one half hours for each hour of overtime worked. An employee may only accrue CTO if requested and then approved by the employee's supervisor. Call-back time may be converted to CTO with supervisor approval.

Employees may accumulate up to eighty (80) hours of CTO. If an employee has eighty (80) hours of accrued CTO, he/she will not be able to accrue additional CTO until he/she uses CTO to reduce his/her balance below eighty (80) hours.

F. NIGHT SHIFT DIFFERENTIAL

The City agrees to pay \$1.00 per hour ~~night~~ shift differential for Employees working a regularly scheduled work shift of which four or more hours are worked between the hours of 5 p.m. and 5 a.m. Overtime worked as an extension of an assigned day shift shall not qualify an employee for ~~night~~ shift differential. The differential pay is paid only for hours actually worked.

In accordance with this provision, City agrees to pay \$.50 per hour ~~night~~ shift differential to automotive shop mechanics for hours worked after 5:00 p.m.

The parties agree that to the extent permitted by law, the shift differential pay in this section is special compensation and shall be reported to CalPERS as such pursuant to Title 2 CCR, Section 571(a)(4) or Section 571. 1(b)(3) Shift Differential Pay. However, for "new members" as defined by the Public Employees' Pension Reform Act (PEPRA) of 2013, shift differential pay will not be reported as pensionable compensation to CalPERS.

G. ACTING PAY

NBEL employees will be eligible to receive "acting pay" only after completing 80 consecutive hours in the higher classification. Acting pay is 107.5% of the employee's base pay rate.

Once the minimum hours' requirement has been satisfied, acting pay will be granted for all hours worked above 40 hours beginning with the 41st hour worked in the higher classification.

The parties agree that to the extent permitted by law, acting pay is special compensation and shall be reported to CalPERS as such pursuant to Title 2 CCR, Section 571(a)(3) Temporary Upgrade Pay. *The employee must be performing 100% of the duties in the higher classification for Temporary Upgrade Pay to be reportable.* However, For "new members" as defined by the Public Employees' Pension Reform

Act (PEPRA) of 2013, Acting Pay will not be reported as pensionable compensation to CalPERS.

H. CERTIFICATION PAY

~~Payment for certifications will be made on a bi-weekly basis for u~~Unit members holding a valid and current certification in areas indicated below are eligible for certification pay, provided that the certification is directly relevant to their job duties., ~~provided that the certification is directly relevant to their job duties.~~ Employees may submit proof of valid certificates, including renewals, upon completion. It is the responsibility of the NBEL member to apply for the Certificate Pay. Approval of the member's application shall not be unreasonably withheld or delayed, and the member shall not be entitled to receive the Certificate Pay prior to the date the application is approved, even though the member may have been eligible prior to approval. Payment for certifications will be made on a bi-weekly basis. The bi-weekly payment for such eligible certificates will begin the first full pay period following department approval. If an approved certificate expires, bi-weekly payments will cease until the pay period following submission of proof of the certificate's renewal. All amounts listed below reflect the annual benefit for the specified certificate:

1. Water or Wastewater Operator

Grade I	\$143110
Grade II	\$455350
Grade III	\$585450
Grade IV	\$845650
Grade V	\$1,04080
	0

These pays do not stack. Employees receive the one pay from the list above for the Grade they have achieved.

2. Backflow Certification - ~~\$286220~~

3. Qualified Applicator Certificate - ~~\$143110~~ for each category, up to a maximum of ~~\$429330~~

I.

4. Emergency Vehicle Technician

- a. ~~Fire Mechanic State~~ Level I - ~~\$143110~~
- b. ~~Fire Mechanic State~~ Level II - ~~\$286220~~
- c. ~~Fire Mechanic Level~~ III - ~~\$400520~~

These pays do not stack. Employees receive the one pay from the list above for the Level they have achieved.

4.5. Certified Arborist - ~~\$143110~~

~~5.6.~~ ASE Certification - \$~~7255~~ each and \$~~286220~~ for possessing a current ASE Master Truck Technician and \$~~286220~~ for possessing a current ASE Master Automobile Technician certification.

~~6.7.~~ Commercial Driver's License, Class A - \$~~286220~~

~~7.8.~~ Commercial Driver's License, Class B - \$~~215465~~

~~8.9.~~ Public Works Certificate (18-20 Jr. College units) or Maintenance Superintendents Association (MSA) Certificate - \$~~390300~~

~~9.10.~~ Water Utility Science Certificate - \$~~390300~~

~~10.11.~~ Cross Connection Specialist - \$~~143440~~

~~11.12.~~ Crane Certification - \$~~143440~~

~~13.~~ Forklift Trainer - \$~~390300~~ (2 employees, max)

~~12.14.~~ CWEA Electrical & Instrumentation Technologist Certification:

<u>Grade I</u>	<u>\$143</u>
<u>Grade II</u>	<u>\$455</u>
<u>Grade III</u>	<u>\$585</u>
<u>Grade IV</u>	<u>\$845</u>
<u>Grade V</u>	<u>\$1,040</u>

These pays do not stack. Employees receive the one pay from the list above for the Grade they have achieved.

~~13.15.~~ CNG Fuel System Inspector Certification- \$143

The maximum certificate pay benefit for unit members shall be \$5,000 annually.

The parties agree that to the extent permitted by law, the City shall report to the CalPERS eligible certificate pays as Educational Incentive pursuant to Title 2 CCR, Section 571(a)(2) or 571.1(b)(2).

The City will reimburse employees for: 1) application, testing, and certification fees for successfully completing certification examinations for the above listed certificates, and 2) required physicals when employees obtain/renew required Class A or B Drivers Licenses.

J. COURT TIME

Employees who are required to appear in Court during their off-duty hours in connection with City business shall receive overtime compensation for the number of hours they spend in court, with a minimum of two (2) hours of such compensation.

K. ONE-TIME PAYMENT

~~All bargaining unit employees in paid status for the entirety of the first full pay period following the adoption of the MOU by the City Council will receive a signing bonus of \$2,000. The parties intend and understand that this lump sum payment is non-pensionable and will not be reported to CalPERS. The parties also agree that this payment is intended to be specific to the pay period in which it is paid and is to be considered part of the FLSA regular rate for this pay period only.~~

SECTION 3. LEAVES

A. FLEX LEAVE

- Unit members shall accrue Flex leave at the following rates:

<u>Years of Continuous Service</u>	<u>Hrs Accrued per Pay Period</u>	<u>Annual hours</u>	<u>Max Balance (hours)</u>
Less than 5	6.00	156.00	468.00
5 but less than 9	6.61	171.86	515.58
9 but less than 12	7.23	187.98	563.94
12 but less than 16	8.15	211.90	635.70
16 but less than 20	8.77	228.02	684.06
20 but less than 25	9.38	243.88	731.64
25 and over	10.00	260.00	780.00

Members shall accrue three (3) months (i.e., 39 hours) of Flex leave (as provided in the chart above) upon completion of three (3) months of continuous employment with the City of Newport Beach, provided however, this amount shall be reduced by any Flex leave time advanced during the first three (3) months of employment.

- Limit on Accumulation

Members hired prior to July 1, 1996:

~~Any paid leave earned in excess of this level will be paid on an hour for hour basis in cash (spill over pay) at the employee's hourly rate of pay. Members hired prior to July 1, 1996 shall be paid for earned Flex leave in excess of the maximum permitted accrual at the member's hourly rate of pay provided that they have utilized at least eighty (80) hours of Flex leave the previous calendar year. Any paid leave earned in excess of this level will be paid on an hour for hour basis in cash (spill over pay) at the employee's hourly rate of pay.~~

Employees who have not utilized the required amount of leave the prior calendar year shall not be eligible to accrue time above the maximum accrual limit.

Employees hired after July 1, 1996:

Employees first hired, or rehired by the City subsequent to July 1, 1996 shall not be eligible for Flex leave spillover pay and shall not be entitled to accrue Flex leave in excess of the Flex leave accrual threshold.

3. Method of Use

The Department Director shall approve all requests for Flex leave taking into consideration the needs of the Department, and whenever possible the seniority and wishes of the employee. Flex leave may be granted on an hourly basis.

B. VACATION LEAVE

This section applies only to those Regular Full-time Employees hired on or before January 1, 1990 and who have elected not to enroll in the Flex Leave program.

1. Basis for Accrual/Full-Time Employees

Employees entitled to Vacation leave-with-pay shall accrue such leave based on years of continuous service and the number of hours in a normal work week for the position to which they are assigned in accordance with the following schedule:

<u>Years of Continuous Service</u>	<u>Accrual per pay period (Hours)</u>
Less than 5	3.38
5 but less than 9	3.99
9 but less than 12	4.61
12 but less than 16	5.22
16 but less than 20	5.84
20 but less than 25	6.46
25 and over	7.07

2. Limit on Accumulation

Accrual of vacation days in excess of those earned for two years of continuous service is not permitted past December 31st of each year with the following exception: with approval of the Department Director, an employee may accrue

vacation days in excess of the two-year limit provided all such excess accumulation is taken by March 31st of the following year.

3. Method of Use

The Department Director shall schedule and approve all vacation leaves for employees taking into consideration the needs of the Department, and whenever possible, the seniority and wishes of the employee. Vacation leave may be granted on an hourly basis. Any fraction over an hour shall be charged to the next full hour.

C. SICK LEAVE

This section applies only to those Regular Full-time Employees hired on or before January 1, 1990 and who have elected not to enroll in the Flex Leave program.

1. Basis for accrual

Full-time, regular employees shall accrue sick leave based on the number of hours in a normal work week for the position to which they are assigned in accordance with the following schedules:

Normal Work Week - 40 hours

<u>Service Time</u>	<u>Monthly Accrual</u>
0-1 year	4 hours
1-2 years	5 hours
2-3 years	6 hours
3-4 years	7 hours
4+	8 hours

2. Method of Use

(a) General

An employee may use sick leave for an entire day or partial day if needed. If used for a partial day, employees should report its use to the nearest tenth of an hour.

(b) Approval

Sick leave may be granted only at the discretion of or with the approval of the Department Director and as defined in the Employee Policy Manual.

3. Sick Leave Conversion

Employees who at the end of the calendar year have an accrued level of Sick Leave equal to or greater than the full value of 50 months of accrued Sick

Leave, and who have used six or less days of Sick Leave during that calendar year will be permitted (only once per year) to convert up to six (6) days of Sick Leave to paid vacation at the value of 50% (maximum value of 3 days per year).

D. HOLIDAY LEAVE

1. The following days shall be observed as paid holidays (i.e., employees shall have the day off with pay) by all unit members. For each holiday, except the Floating Holiday (where the employee chooses the day off), if an employee is required to work on the holiday, they will receive their pay for the holiday and in addition either pay or Flex Leave for the number of hours worked on the holiday.

Independence Day	July 4
Labor Day	1 st Monday in September
Veteran's Day	November 11
Thanksgiving Day	4 th Thursday in November
Friday following Thanksgiving	
Christmas Eve	Last ½ of working day
Christmas Day	December 25
New Year's Eve	Last ½ of working day
New Year's Day	January 1
Washington's Birthday	3 rd Monday in February
Memorial Day	Last Monday in May
Martin Luther King Day	3 rd Monday in January
Floating Holiday	July 1 st – 1 day*

*The floating holiday (eight (8) hours of holiday leave) is awarded on July 1. The hours are added to employees' Flex Leave account.

Holidays will be paid based on the employee's regular work day schedule. For example, if an employee is on a 9/80 schedule and the holiday is observed on a day that the employee is regularly scheduled to work 9 hours, the employee is entitled to receive 9 hours of Holiday pay. However, if an employee is on a 9/80 schedule and the holiday is observed on a day that the employee is regularly scheduled to work 8 hours, the employee is entitled to receive 8 hours of holiday pay. Employees will receive 8 hours of Holiday Pay annually for the Floating Holiday.

Holidays listed above (except the Floating Holiday) occurring on a Saturday shall be observed the preceding Friday. Holidays occurring on a Sunday shall be observed the following Monday. (Half day holidays shall be observed prior to the observed holiday).

2. Holiday Pay Eligibility

Following are the limitations on eligibility for Holiday pay:

- (a) Holiday pay will be paid only to employees who work their scheduled day before and scheduled day after a holiday, or are on authorized paid leave (e.g. approved vacation or sick leave that has been approved by the Department Director).
- (b) Newly hired employees will be eligible to receive full pay for scheduled holidays, without a waiting period.

E. BEREAVEMENT LEAVE

Bereavement leave shall be defined as "the necessary absence from duty by an employee because of the death or terminal illness in his/her immediate family." Unit members shall be entitled to forty (40) hours of paid bereavement leave per calendar year per incident (terminal illness followed by death is considered one incident). Bereavement leave shall be administered in accordance with the provisions of the Employee Policy Manual. Leave hours need not be used consecutively but should occur in proximate time to the occurrence. For the purposes of this section, immediate family shall mean an employee's father, mother, stepfather, stepmother, brother, sister, spouse/domestic partner, child, stepchild, grandchildren, grandparents and the employee's spouse's/domestic partner's father, mother, brother, sister, child, grandchildren and grandparents. The provisions of this Section shall not diminish or reduce any rights a member may have pursuant to applicable provisions of State or Federal law. An employee requesting bereavement leave shall notify his/her supervisor as soon as possible of the need to take leave.

F. REPRODUCTIVE LOSS LEAVE

Eligible employees are entitled to five unpaid days for each reproductive loss event. Multiple reproductive loss events are covered, up to a maximum of 20 days of reproductive loss leave within a twelve-month period.

F.G. LEAVE SELLBACK

~~During calendar year 2019, employees shall have the option (on two occasions) of selling back on an hour for hour basis, accrued Flex or Vacation leave. In no event shall the Flex or Vacation leave balance be reduced below one hundred and sixty (160) hours. Hours sold back will be subject to the Retiree Health Savings Plan Part C contributions, per Section 4 (E), Retiree Medical. For the term of this MOU the League has elected Part C contributions for Flex/Vacation at 0%.~~

~~Effective in calendar year 2020 and thereafter, employees~~Employees shall have the option of converting accrued Flex Leave to cash on an hour for hour basis subject to the following: On or before the pay period which includes December 15 of each calendar year, an employee may make an irrevocable election to cash out accrued flex leave which will be earned in the following calendar year. The employee can elect to receive the cash out in the pay period which includes June 30 and/or the pay period which includes December 15 for those Flex Leave benefits that have been earned during that portion

of the year. In no event shall the flex leave balance be reduced below one hundred and sixty (160) hours. On or before December 31, 2019, each employee shall have the one-time option of cashing out all or a portion of Flex Leave benefits credited to his/her account as of that date. However, in no event shall the flex leave balance be reduced below one hundred and sixty (160) hours when the leave is cashed out.

SECTION 4. FRINGE BENEFITS

A. HEALTH INSURANCE

1. Benefits Information Committee

City has established a Benefits Information Committee (BIC) composed of one representative from each employee association and up to three City representatives. The Benefits Information Committee has been established to allow the City to present data regarding carrier and coverage options, the cost of those options, appropriate coverage levels and other health programs. The purpose of the BIC is to provide each employee association with information about health insurance/programs and to receive timely input from associations regarding preferred coverage options and levels of coverage.

2. Medical Insurance

The City has implemented an IRS qualified Cafeteria Plan. In addition to the contribution amounts listed below, the City shall contribute the minimum CalPERS participating employer's contribution towards medical insurance for employees enrolled in a CalPERS medical plan, per Government Code Section 22892. Employees shall have the option of allocating Cafeteria Plan contributions towards the City's existing medical, dental and vision insurance/programs, provided that any cash-out option complies with IRS Section 125 requirements. The City and the Newport Beach Employees League will cooperate in pursuing additional optional benefits to be available through the Cafeteria Plan.

Subject to the terms and conditions stated below, unused Cafeteria Plan funds shall be payable to the employee as taxable cash back. Employees shall be allowed to change coverages in accordance with plan rules and during regular open enrollment periods.

Effective June 14, 2025, the City's contribution towards the Cafeteria Plan is ~~One Thousand, Seven Hundred Twenty-Five Dollars (\$1,725)~~ Two Thousand and Twenty-Five Dollars (\$2,025), plus the minimum CalPERS participating employer's contribution.

NBEL members who do not enroll in any medical plan offered by the City must provide evidence of group medical insurance coverage, and execute an opt-out agreement releasing the City from any responsibility or liability to provide medical insurance coverage on an annual basis.

Unit members whose actual start date occurs on or prior to January 28, 2022~~the first day of the pay period following City Council approval of this MOU~~ and who elect to opt out of medical coverage offered by the City because they have provided proof of minimum essential coverage ("MEC") through another source (other than coverage in the individual market, whether or not obtained through Covered California) will receive One Thousand Dollars (\$1,000) per month in taxable cash paid bi-weekly. For these same employees, if they elect medical coverage and spend less than \$1,725 (plus the minimum CalPERS participating employer's contribution) of the City contribution provided above, the difference~~these unused cafeteria plan funds~~ shall be paid to the employee as taxable cash biweekly.

Newly appointed unit members whose actual start date occurs on or after the first day of the pay period following City Council approval of this MOU and who elect to opt out of medical coverage offered by the City because they have provided proof of MEC through another source (other than coverage in the individual market, whether or not obtained through Covered California) shall receive Five Hundred Dollars (\$500) per month in taxable cash paid biweekly. For these same employees, if they elect medical coverage and spend less than the City contribution provided above, there shall be no cash back provided.

The preceding language as applied to the following scenarios:

1. Part-time employee hired by the City prior to MOU adoption but not appointed as a full-time employee into the League until on or after MOU adoption - this employee is subject to the \$500 opt-out amount and does not receive cash back if the medical coverage elected is less than the City contribution.
2. Full-time employee hired by the City prior to MOU adoption who later drops down to part-time and then is reappointed to the unit as a full-time employee - this employee is subject to the \$500 opt-out amount and does not receive cash back if the medical coverage elected is less than the City contribution.
3. Full-time employee hired by the City prior to MOU adoption who later transfers into the unit from another unit - if the employee was not subject to the \$500 opt-out amount and/or no cash back in the unit from which they are transferring, they will receive the benefit of \$1,000 opt-out and/or cash back if the medical coverage elected is less than the City contribution.

~~On or before July 1, 2023, at the request of either party, the parties shall meet and confer in good faith to discuss possible changes to the medical benefit program, contribution levels, or other elements of healthcare services, provided, however, that any changes to the MOU may only occur by mutual agreement of the parties.~~

3. Dental Insurance

The existing or comparable dental plans shall be maintained as part of the City's health plan offerings as agreed upon by the Benefits Information Committee.

4. Vision Insurance

The existing or comparable vision plan shall be maintained as part of the City's health plan offerings as agreed upon by the Benefits Information Committee.

5. Healthcare Reform

The parties recognize that certain State and Federal laws, programs and regulations, including the Affordable Care Act, may impact future medical plan offerings. Either party may request to reopen Section 4,A,(2) regarding medical insurance for the purpose of discussing alternative approaches and proposals to providing healthcare coverage. In addition, should State or Federal laws concerning taxation of healthcare benefits change, the parties agree to meet and discuss the impact of such change.

B. ADDITIONAL HEALTH INSURANCE/PROGRAMS

1. IRS Section 125 Flexible Spending Account

Section 125 of the Internal Revenue Code authorizes an employee to reduce taxable income for payment of allowable expenses such as child care and medical expenses. An NBEL member may request that medical, child care and other eligible expenses be paid or reimbursed by the Section 125 Plan out of the employee's account. The taxable salary of the employee will be reduced by the amount designated by the employee for reimbursable expenses.

2. Disability Insurance

The City shall provide disability insurance to all regular full-time employees with the following provisions:

	<u>Short-Term Disability</u>	<u>Long-Term Disability</u>
<u>Benefit Amount</u>	<u>66.67% of covered wages</u>	<u>66.67% of covered wages</u>
<u>Maximum Benefit</u>	<u>\$1,846 weekly</u>	<u>\$15,000 monthly</u>
<u>Waiting Period</u>	<u>30 calendar days</u>	<u>180 calendar days</u>

~~Weekly Benefit~~
~~Maximum Benefit~~
~~Minimum Benefit~~
~~Waiting Period~~

~~66.67% gross weekly wages~~
~~\$10,000/month~~
~~\$15(STD) and \$100 (LTD)~~
~~30 Calendar Days (STD)~~
~~180 Calendar Days (LTD)~~

Effective the first premium payment after the later of (a) City Council adoption of the MOU or (b) January 1, 2022, the City will pay for this benefit.

Employees shall not be required to exhaust accrued paid leaves prior to receiving benefits under the disability insurance program. Employees may not supplement the disability benefit with paid leave once the waiting period has been exhausted.

3. Life Insurance

The City shall provide life insurance for all regular full-time employees in \$1,000 increments equal to one times the employee's annual salary up to a maximum of \$50,000. At age 70 the City-paid life insurance is reduced by 50% of the pre-70 amount. This amount remains in effect until the employee terminates from City employment.

C. EMPLOYEE ASSISTANCE PROGRAM

City shall provide an Employee Assistance Program (EAP) through a properly licensed provider. NBEL members and their family members may access the EAP subject to provider guidelines.

D. THE RETIREMENT BENEFIT

1. Retirement Formula

The City contracts with PERS to provide retirement benefits for its employees. Pursuant to prior agreements and state mandated reform, the City has implemented first, second and third tier retirement benefits:

Tier 1: For employees hired by the City on or before November 23, 2012, the retirement formula shall be the 2.5%@55 calculated on the basis of the single highest year.

Tier 2: For employees first hired by the City between November 24 and December 31, 2012, or hired on or after January 1, 2013 and are current Classic members of the retirement system, as defined in the Public Employees' Pension Reform Act ("PEPRA"), the retirement formula shall be 2%@60 calculated on the average 36 highest month's salary.

Tier 3: For employees first hired by the City on or after January 1, 2013, and who do not meet the Tier 2 criteria because they are new members as defined by the PEPRA, the retirement formula shall be 2.0%@62 calculated on the average 36 highest month's salary.

2. Employee Contributions

The Association has agreed to share in the rising cost of pension obligations. Under the terms of this MOU, unit members will contribute additional amounts toward the CalPERS retirement benefit depending on their Tier, to the extent permissible by law. Should any provision be deemed invalid, the City and Association agree to meet for the purpose of renegotiating employee retirement contributions.

Employee retirement contributions that are in addition to the normal CalPERS Member Contribution (of 7% or 8%) shall be calculated on base pay, special pays, and other pays normally reported as "PERSable" compensation and will be made on a pre-tax basis through payroll deduction, to the extent allowable by law. It is recognized that these payments will not be reported to CalPERS as contributions toward either the Member or Employer rate, as provided under Government Code Section 20516(f).

Under separate agreement and ratified via a contract amendment with CalPERS in 2008, Tier I employees agreed to shall contribute up to 2.42% of compensation earnable (as cost sharing) per Government Code Section 20516(a).

Tier I Employees – Effective June 14, 2025, Tier I employees shall contribute a total employee contribution of ~~13% as follows: Tier I – E~~ eight percent (8%) (member contribution), ~~2.42% The Tier I employee contribution~~ of compensation earnable as cost sharing per Government Code section 20516(a) shall be reduced to 0.0%, and 2.58% of compensation earnable as cost sharing per Government Code section 20516(f).

~~Temporary Reduction. Effective the pay period that includes January 1, 2023, Tier I Employees shall contribute a total employee contribution of 11.5% as follows: Tier I – Eight percent (8%) member contributions, 2.42% of compensation earnable as cost sharing per Government Code section 20516(a) and 1.08% of compensation earnable as cost sharing per Government Code section 20516(f). This reduction in the employee contribution rate sunsets at the end of the last full pay period in December 2025. Accordingly, effective the pay period that includes January 1, 2026, Tier I Employees shall contribute a total employee contribution of 13% as follows: Tier I – Eight percent (8%) member contribution, 2.42% of compensation earnable as cost sharing per Government Code section 20516(a) and 2.58% of compensation earnable as cost sharing per Government Code section 20516(f).~~

Tier II Employees – Effective June 14, 2025, Tier II employees shall contribute a total employee contribution of 8% 13% as follows: seven percent (7%) (compensation earnable) member contribution and one percent (1%) six percent (6%) of compensation earnable as cost sharing per Government Code section 20516(f).

~~Temporary Reduction. Effective the pay period that includes January 1, 2023, Tier II Employees shall contribute a total employee contribution of 11.5% as follows: seven percent (7%) (compensation earnable) member contribution and four and~~

~~one-half percent (4.5%) of compensation earnable as cost sharing per Government Code section 20516(f). This reduction in the employee contribution rate sunsets at the end of the last full pay period in December 2025. Accordingly, effective the pay period that includes January 1, 2026, Tier II employees shall contribute a total employee contribution of 13% as follows: seven percent (7%) (compensation earnable) member contribution and six percent (6%) of compensation earnable as cost sharing per Government Code section 20516(f).u~~

Tier III Employees – The minimum statutory employee contribution for employees in Tier III is subject to the provisions of PEPRA and equals 50% of the “total normal cost”. Tier III employees shall make an additional contribution of pensionable compensation toward retirement pursuant to Government Code section 20516(f), such that the total employee contribution equals no less than 8%13% of pensionable compensation (i.e., the greater of 8% of pensionable compensation or 50% of the “total normal cost”).

~~Temporary Reduction. Effective the pay period that includes January 1, 2023, the minimum statutory employee contribution for employees in Tier III is subject to the provisions of PEPRA and equals 50% of the “total normal cost”. Tier III employees shall make an additional contribution of pensionable compensation toward retirement pursuant to Government Code section 20516(f), such that the total employee contribution equals no less than 11.5% of pensionable compensation (i.e., the greater of 11.5% or 50% of the “total normal cost”). This reduction in the employee contribution rate sunsets at the end of the last full pay period in December 2025. Accordingly, effective the pay period that includes January 1, 2026, the minimum statutory employee contribution for employees in Tier III is subject to the provisions of PEPRA and equals 50% of the “total normal cost”. Tier III employees shall make an additional contribution of pensionable compensation toward retirement pursuant to Government Code section 20516(f), such that the total employee contribution equals no less than 13% of pensionable compensation (i.e., the greater of 13% or 50% of the “total normal cost”).~~

The City contracts with CalPERS for the 4th Level 1959 Survivors Insurance Benefit, \$500 Lump Sum Death Benefit, Sick Leave Credit, Military Service Credit, 2% Cost of Living Adjustment and the pre-retirement option settlement 2 death benefit (Government Code Section 21548)."

E. RETIREE MEDICAL BENEFIT

This is an Integral Part Trust (IPT) RHS Retiree Health Savings (RHS) plan (formerly the Medical Expense Reimbursement Program - "MERP"). Each member has an individual RHS account ("Account"), which accumulates based on the category they fall under. Funds from the Account may be used for eligible health care expenses after separation, retirement or a change in personnel status to a position that does not receive the RHS benefit. These changes in personnel status will activate the Account and allow funds to be withdrawn until the Account balance is depleted. Since the plan restricts all distributions to be spent for health insurance premiums and health care expenses, as defined by the Internal Revenue Code Publication 502, § 213(d) and

the Plan document the contributions, fund investment earnings and benefit payments (when withdrawn from the Account) are not taxable when posted. Additionally, certain contributions may only be deposited upon retirement from the City. The categories are provided below.

1. Background

In 2005, the City and NBCEA agreed to replace the previous "defined benefit" retiree medical program with a new "defined contribution" program. The process of fully converting to the new program is ongoing for an extended period. During the transition, employees and (then) existing retirees were administratively classified into different categories. The benefit is structured differently for each of the categories. The categories are as follows:

- a. Category 1 - Employees who become eligible for the benefit after January 1, 2006. This may include new hires, rehires and part-time employees appointing to full-time status.*
- b. Category 2 - Employees who were active and enrolled in the previous defined benefit as of December 31, 2005, eligible for the new defined contribution program as of January 1, 2006 and whose age plus years of service as of January 1, 2006 was less than 50.*
- c. Category 3 - Employees who were active and enrolled in the previous defined benefit as of December 31, 2005, eligible for the new defined contribution program as of January 1, 2006 and whose age plus years of service as of January 1, 2006 was 50 or greater.*

2. Eligibility

All League members are eligible for the RHS benefit. However, if a member separates or changes positions to a bargaining unit which does not offer this benefit, the member is no longer eligible for any contributions to the plan and their Account will be activated for use and withdrawal of funds by the employee (or former employee). This means if a unit member subsequently reappoints to a position which offers the RHS benefit, they will be enrolled in "Category 1" and must revest in the program. Any remaining balance deposited during prior eligibility will remain in the Account.

Employees who become ineligible (no longer covered by a City employee association, union or plan offering the RHS benefit) before vesting forfeit the City's Part B contribution. Said employee will only receive Part A and Part C contributions. The only exception is an active employee who separates before vesting due to an approved industrial disability. In such case, the employee will receive exactly five years' worth of Part B contributions, using the employee's age

and compensation at the time of separation for calculation purposes. This amount will be deposited into the employee's Account at the time of separation.

3. Account Contributions

Account contributions are categorized as Part A, Part B and Part C.

Part A contributions are a mandatory, automatic 1% employee contribution deducted each pay period and deposited into the Account through payroll. Deductions begin the pay period in which the employee becomes eligible and are reported to CalPERS as pensionable.

Part B contributions require a five year vesting period which begins when the employee becomes eligible for the RHS benefit. At the conclusion of the vesting period, the City will credit the first five years' worth of Part B contributions into the Account (interest does not accrue during that period and the contributions are calculated at \$2.50 per month for each year of the employee's full-time service plus age) and begin to contribute \$2.50 per month for each year of the employee's full-time service plus age (e.g. 30 years old and five years of service would be a factor of 35. $\$2.50 \times 35 = \87.50 per month). This factor is updated annually in the pay period including January 1. Part B contributions are not reported to CalPERS as pensionable.

The parties agree that the City's Part B contributions during active employment constitute the minimum CalPERS participating employer's contribution (i.e., the CalPERS statutory minimum amount) towards medical insurance after retirement. The parties also agree that, for retirees selecting a CalPERS medical plan, or any other plan with a similar employer contribution requirement, the required employer contribution will be deducted from the employer's contribution to the retiree's account.

Part C contributions are determined by League election and deposited into the Account when flex leave hours are converted to taxable cash through leave cash-out or at the time of separation or status change. Spillover pay does not qualify for Part C contributions. Part C contributions are not reported to CalPERS as pensionable.

The Association determines the level of contribution for all unit members, subject to the following constraints. All employees within the Association must participate at the same level. The participation level shall be specified as a percentage of the flex leave balance available in each employee's leave bank at the time of separation from the City, or status change, or as a percentage of the flex leave balance being cashed out.

For example, if the Association wishes to elect 30% Part C contributions, then each member leaving the City, or cashing out eligible leave at any other time, would have the cash equivalent of 30% of the amount that is cashed out deposited to

their RHS Account on a pre-tax basis. The remaining 70% would be paid in cash as taxable income. Individual employees do not have the option to deviate from this breakout.

The Association may change the Part C contribution amount as part of a meet and confer process. The purpose and focus of these changes should be toward long-term, trend type adjustments. Due to IRS restrictions regarding "constructive receipt," the City will impose restrictions against frequent spikes or drops that appear to be tailored toward satisfying the desires of a group of imminent retirees.

The Association has decided to participate in Part C contributions at the level of zero percent (0%) flex leave.

Nothing in this section restricts taking leave for time off purposes.

4. Benefit

- a. Category 1: *Employees in this category make Part A and receive Part B contributions (subject to vesting) automatically each pay period through payroll deductions. Part C contributions are received through cash outs. No contributions are made to Category 1 participants after separation.*
- b. Category 2: *Employees in this category make Part A and receive Part B contributions (subject to vesting) automatically each pay period through payroll deductions. Part C contributions are received through cash outs. No contributions are made to Category 2 participants after separation.*

If a Category 2 participant retires from the City with a minimum of 5 consecutive years of full-time service, the City will contribute to the participant's Account a one-time contribution equal to \$100 per month for every month the participant contributed to the previous "defined benefit" plan up to a maximum of 15 years (180 months). This contribution is deposited into the Account at the time of retirement, and only if the employee retires from the City and becomes a CalPERS annuitant of the City of Newport Beach. No interest will be earned in the interim.

Category 2 participants with less than five years of continuous contributions into the prior defined benefit plan as of January 1, 2006: only the years of service after January 1, 2006 count towards Part B contributions upon vesting. Contributions in years before 2006 will be paid out as stated in the above paragraph.

- c. Category 3: *Employees in this category make Part A contributions automatically each pay period through payroll deductions. Category 3 participants do not receive any Part B contributions. Part C contributions are received through cash outs.*

If an eligible Category 3 participant retires from the City of Newport Beach, the City will deposit \$400 per month into the Account upon retirement, up to a maximum of \$4,800 per year, less the CalPERS minimum required employer contribution as determined by CalPERS annually, which shall continue as long as the employee or surviving spouse/qualified dependent is still living. To offset this expense to the City, active Category 3 participants will contribute an additional \$100 per month to the plan until retirement. There is no cash out option for these funds and they cannot be spent in advance of receipt.

Category 3 participants also receive an additional one-time City contribution of \$75 per month for every month they contributed to the previous plan prior to January 1, 2006, up to a maximum of 15 years (180 months). This contribution is deposited into the Account at the time of retirement, and only if the employee retires from the City. No interest will be earned in the interim. Contributions are contingent upon remaining a CalPERS annuitant of the City.

5. Administration

Vendors have been selected by the City to administer the program. The contract expense for program-wide administration by the vendor will be paid by the City. However, specific vendor charges for individual account transactions that vary according to the investment actions taken by each employee, such as fees or commissions for trades, will be paid by each employee.

The City's Deferred Compensation Committee, or its successor committee, will have the authority to determine investment options that will be available through the plan.

F. TUITION REIMBURSEMENT

Subject to the limitations below, NBEL members attending accredited community colleges, colleges, trade schools or universities, or recognized professional organizations or agencies, may apply for reimbursement of one hundred percent (100%) of the actual cost of tuition, books, fees or other student expenses for approved job-related courses, seminars, or professional development programs. Travel expenses are not eligible for reimbursement. Maximum tuition reimbursement for employees shall be \$1,500 per fiscal year. Reimbursement is contingent upon the successful completion of the course. Successful completion means a grade of "C" or better for undergraduate courses and a grade of "B" or better for graduate courses.

All claims for tuition reimbursement require the approval of the Human Resources Director or designee.

G. DEFERRED COMPENSATION

Each employee shall have the right to enroll in the deferred compensation program set up by the City and subject to the rules of IRS Code section 457. For each employee who enrolls in the deferred compensation program, the City shall contribute to each

employee's deferred compensation account as follows: Effective the first day of the pay period which includes January 1, 2020, the City shall contribute twenty five dollars (\$25) per month to each enrolled employee's deferred compensation account if the employee contributes at least twenty five dollars (\$25) per month towards his/her deferred compensation account. The City is only obligated to make the contribution to an employee's deferred compensation account if the employee has enrolled in the deferred compensation program.

Under federal law, there is an annual maximum contribution which may be made to an employee's IRS Code section 457 account. Although the City will be making contributions to employees' accounts each pay period, it is the employees' responsibility to track their total contribution amount. If an employee's account contributions reach the annual 457 maximum, the City will stop making contributions for the remainder of the calendar year and will not owe the employee any additional compensation related to this section.

SECTION 5. MISCELLANEOUS/WORKING CONDITIONS

A. REDUCTIONS IN FORCE/LAYOFFS

The provisions of this section shall apply when the City Manager determines that a reduction in the work force is warranted because of actual or anticipated reductions in revenue, reorganization of the work force, a reduction in municipal services, a reduction in the demand for service or other reasons unrelated to the performance of duties by any specific employee. Reductions in force are to be accomplished, to the extent feasible, on the basis of seniority within a particular Classification or Series and this Section should be interpreted accordingly.

DEFINITIONS

1. "Layoffs" or "Laid Off" shall mean the non-disciplinary termination or employment.
2. "Seniority" shall mean the time an employee has worked in a Classification or Series calculated from the date on which the employee was first granted regular status in the current Classification or any Classification within the Series, subject to the following:
 - (a) Credit shall be given only for continuous service subsequent to the most recent appointment to regular status in the Classification or Series; and
 - (b) Seniority shall include time spent on industrial leave, military leave, and leave of absence without pay, but shall not include time spent on any other authorized or unauthorized leave of absence.
3. "Classification" shall mean one or more full time positions identical or similar in duties not including part-time, seasonal or temporary positions. Classifications within a Series shall be ranked according to pay (lowest ranking, lowest pay).

4. "Series" shall mean two or more classifications within a Department which require the performance of similar duties with the higher-ranking classification(s) characterized by the need for less supervision by superiors, more difficult assignments and more supervisory responsibilities for subordinates. The City Manager shall determine those classifications following a meet and consult process which constitute a Series.
5. "Bumping Rights", "Bumping" or "Bump" shall mean (1) the right of an employee, based upon seniority within a series to bump into a lower ranking classification within the same series, (2) to be followed by an employee being permitted to bump into a classification within a different series. The latter bumping shall be based upon unit wide seniority and shall be limited to a classification in which the employee previously held regular status.

No employee shall have the right to bump into a classification for which the employee does not possess the minimum qualifications such as specialized education, training or experience.

PROCEDURE

The General Services Division within the Municipal Operations Department will select employees for layoff by straight seniority department wide. This means department management has total control of position elimination and personnel reassignment within ranks, but the layoffs shall be on a straight forward "last hired- first fired" basis.

The layoff system for the Utilities Division shall operate the same department-wide seniority as does the General Services Division, with the exception of the Electrical and Telecommunications sections. Because of the highly specialized skills and training of the personnel in these sections, these sections shall be treated as unique and individual unto themselves.

In the event the City Manager determines to reduce the number of employees within a classification, the following procedures are applicable:

1. Temporary and probationary employees within any classification shall, in that order, be laid off before permanent employees.
2. Employees within a classification shall be laid off in inverse order of seniority.
3. An employee subject to layoff in one classification shall have the right to bump a less senior employee in a lower ranking classification within a series. An employee who has bumping rights shall notify the Department Director within three (3) working days after notice of layoff of his/her intention to exercise bumping rights.
4. In the event two or more employees in the same classification are subject to layoff and have the same seniority, the employees shall be laid off following the Department Director's consideration of established performance evaluations.

REEMPLOYMENT

Employees who are laid off shall be placed on a Department re-employment list in reverse order of layoff. The re-employment list shall expire in 18 months. In the event a vacant position occurs in the classification which the employee occupied at the time of layoff, or a lower ranking classification within a series, the employee at the top of the Department re-employment list shall have the right within seven (7) days of written notice of appointment. Notice shall be deemed given when personally delivered to the employee or deposited in the U.S. Mail, first class postage prepaid, and addressed to the employee at his or her last known address. Any employee shall have the right to refuse to be placed on the re-employment list or the right to remove his or her name from the re-employment list by sending written confirmation to the Human Resources Director.

SEVERANCE

If an employee is laid off from their job with the City, for economic reasons, the City will grant severance pay in an amount equal to one week of pay for every full year of continuous employment service to the City of Newport Beach up to ten (10) weeks of pay.

NOTICE

Employees subject to lay-off shall be given at least thirty (30) days advance notice of the layoff or thirty (30) days' pay in lieu of notice. In addition, employees laid off will be paid for all accumulated paid leave, holiday leave, (if any), and accumulated sick leave to the extent permitted by the Personnel Resolution.

B. NON-DISCRIMINATION

City and NBEL agree that there will be no discrimination by either party or by any of their agents against any employee because of his/her membership or non-membership in NBEL, or because of any protected classification identified in the law.

C. PROMOTIONAL PREFERENCE

Where no less than two (2) unit members achieve top three ranking on a certified eligible list, selection to the position shall be made with preference given to the unit members so qualified. The Human Resources Department shall be responsible for insuring that a position vacancy announcement for all available City positions be distributed in a manner that reasonably assures unit members access to the announcements. The Human Resources Department shall oversee all testing procedures.

Any employee who has achieved "regular status" may request assignment to any

lateral or lower classification, and that employee may be transferred into that classification without competitive testing if both of the following conditions have been satisfied:

1. The employee meets the minimum qualifications of the classification; and
2. The Department Director approves of the transfer.

D. WORK SCHEDULES

Employees in the unit work either a 9/80 or 5/40 work schedule.

Employees assigned to the 9/80 work schedule will have alternating Fridays off with the City determining which employees will work on each alternating Friday to ensure effective coverage of the work.

The City agrees to maintain flex-scheduling where it is currently in place in this unit in the Municipal Operations Department. The Building Maintenance, Parks Maintenance, and Beach Maintenance crews will be placed on the 5/40 schedule including the Memorial Day and Labor Day weekends, or any portion of time between these Holidays at the discretion of the General Services Director. The City reserves the right to amend the program as needed to mitigate any operational problems which may arise due to budgetary cutbacks, personnel cuts or shortages, service level complaints, or any other operational reason. Should an operational problem involving service reductions or increases in cost materialize, the Department Director will notify the NBEL and the employees affected work group of the problem in writing, supported with cause. The NBEL and/or the employees of the affected work group, will in turn have up to ten (10) working days to respond and schedule a meeting with the Department Director. The purpose of the meeting is to propose a solution to the problem. The Department Director will consider the proposed solution and respond, in writing, within five (5) working days. If the Department Director and the work group disagree on the solution, the NBEL and/or employees of the affected work group will have up to five (5) working days to appeal the Department Director's decision to the City Manager, who will consider both sides of the issue and resolve the dispute, in a written decision within ten (10) days after the aforementioned meeting.

E. LABOR MANAGEMENT COMMITTEE

Committees shall meet on an as needed basis; names of participating unit members shall be announced to management no less than 5 work days before the scheduled meeting; cancellation for cause shall be rendered by the canceling party no less than 48 hours prior to the scheduled meeting; canceled meetings shall be rescheduled to take place within 5 working days of the canceled meeting; committees shall be departmental; they may be combined in the interests of efficiency with other such committees; City participants shall include appropriate department or division heads outside the unit; the purpose of the committees shall be to resolve conflict and exchange information; a unit staff person may attend meetings; meetings shall be

scheduled to last no less than one hour; grievances in process shall not be subject to resolution in meetings; matters properly dealt with in negotiations may be discussed but no agreements shall be effected on same in committee. Meetings shall be on work time.

F. DISCIPLINE - NOTICE OF INTENT

1. Employees who are to be the subject of discipline equal to an unpaid suspension of three (3) days or greater shall be entitled to prior written notice of intent to discipline at least seven (7) calendar days prior to the imposition of the actual penalty. This written notice shall contain a description of the event or conduct which justifies the imposition of discipline. The notice shall also include the specific form of a discipline intended, and the employee shall be offered the opportunity for a Skelly meeting before their Department Director prior to the imposition of the penalty.

All other discipline resulting in less than a three (3) day suspension will not be subject to the aforementioned procedure.

This understanding is not intended to in any way reduce the rights of employees to due process. Employees who have become the subject to a suspension of one or two days who wish to appeal the suspension shall have the right to appeal the decision to the City Manager or designee. Employees who have received a written reprimand, shall have the right to place comments on the document prior to placement in his/her personnel file as well as file a grievance as addressed in the grievance procedure.

G. GRIEVANCE PROCEDURE

Step 1: A grievance may be filed by any employee on his/her own behalf, or jointly by a group of employees, or by the NBEL. The Grievance Procedure is the sole and exclusive method by which an employee or the NBEL may challenge the interpretation and/or application of a provision of this MOU.

A grievance shall be brought to the attention of the immediate supervisor for discussion within ten (10) business days after an employee or NBEL Board member knew, or in the exercise of reasonable diligence should have known, the act or events upon which the grievance is based. If the Employee or the NBEL (if filed by the NBEL) is not satisfied with the decision reached through the informal discussion or if extenuating circumstances exist, the Employee or NBEL shall have the right to file a formal grievance in accordance with Step 2 of this section. Grievances not presented within the time period shall be considered resolved.

The supervisor shall meet with the grievant to settle grievance and give a written answer to the grievant within seven (7) business days from receipt of the grievance by the supervisor. When the immediate supervisor is also the department head the grievance shall be presented in Step 2.

Step 2: If the employee or the NBEL (if filed by the NBEL) is not in agreement with the decision rendered in Step 1, the grievant shall have the right to present a formal grievance to the Department Director within ten (10) business days after the discussion in Step 1. The right to file a grievance petition shall be waived in the event the Employee or NBEL fails to file a formal grievance within ten (10) business days after the occurrence of the incident that forms the basis of the grievance. All formal grievances shall be submitted on the form prescribed by the Human Resources Director and no formal grievance shall be accepted until the form is complete. The formal grievance shall contain a clear, concise statement of the grievance, the facts upon which the grievance is based, the rule, regulation or policy the interpretation of which is involved in the grievance, and the specific remedy or remedies sought by the grievant. The Department Director should render a written decision within ten (10) business days after receipt of the formal grievance.

Step 3: If the formal grievance has not been satisfactorily adjusted in Step 2, it may be appealed to the City Manager or designee within ten (10) business days after the Employee receives the decision. The City Manager or designee may accept or reject the decision of the Department Director and shall render a written decision within ten (10) business days after conducting a grievance hearing. The decision of the City Manager or designee shall be final and conclusive. If mutually agreeable, a meeting may be conducted involving all affected parties at any step in the grievance procedure prior to a decision. The City Manager or designee may delegate uninvolved Department Directors to act on behalf of the City Manager to provide findings and recommendations. The findings and recommendations of the uninvolved Department Directors are advisory only and the City Manager's or designee's decision shall be final.

Time Limits: Grievances shall be processed from one step to the next within the time limit indicated for each step. Time limits shall be strictly enforced. Any time limits established can be waived or extended only by mutual agreement confirmed in writing. Any grievance not carried to the next step by the Employee or NBEL within the prescribed time limit shall be deemed resolved upon the basis of the previous decision.

A grievance may also be filed and appealed to the 3rd step of the grievance procedure for performance evaluations and written reprimands.

H. PROBATIONARY PERIOD

Newly hired employees shall serve a twelve (12) month probationary period. The probationary period for promoted employees shall be six (6) months.

Newly hired employees shall become eligible for their first step increase after twelve (12) months. All other City rules regarding step increases shall remain unchanged.

I. FAILURE OF PROBATION

1. New Probation

An employee on new probation may be released at the sole discretion of the City at any time without right of appeal or hearing, except as provided in Subsection 3, below.

2. Promotional Probation

- (a) An employee on promotional probation may be failed at any time without right of appeal or hearing, except as provided in Subsection 3, below, and except that failing an employee on promotional probation must not be arbitrary, capricious or unreasonable.
- (b) An employee who fails promotional probation shall receive a performance evaluation stating the reason for failure of promotional probation.
- (c) When an employee fails his or her promotional probation, the employee shall have the right to return to his or her former class provided the employee was not in the previous class for the purpose of training for a promotion to a higher class. When an employee is returned to his or her former class, the employee shall serve the remainder of any uncompleted probationary period in the former class.
- (d) If the employee's former class has been deleted or abolished, the employee shall have the right to return to a class in his or her former occupational series closest to, but no higher than, the salary range of the class which the employee occupied immediately prior to promotion and shall serve the remainder of any probationary period not completed in the former class.

3. Probationary Release

An employee who alleges that his or her probationary release was based on discrimination or retaliation by the City, may submit a grievance within ten (10) days after receipt of the Notice of Failure of Probation.

J. ACCIDENT REPORTING

The City will require that all traffic collisions involving City vehicles shall be reviewed by the traffic division supervisor of the Newport Beach Police Department to prevent any unnecessary reports from being forwarded to the OMV. Also, the vehicle accident review board will evaluate the supervisor's field report prior to making its preventable/non-preventable determination.

K. SAFETY SHOES

If the City determines that an employee in the bargaining unit is required to wear safety shoes, the employee shall be provided with a voucher (annually) which enables the employee to purchase safety shoes from the City's vendor for safety shoes. The City has

identified certain safety shoe styles for which it will pay (as of 1/1/19 the maximum the City will pay is \$172.80). If the cost of the particular safety shoe styles (for which the City will pay) increases, the amount the City will pay will increase (by the increased cost of those styles of shoes).

If the soles of the safety shoes wear out within a year, the employee should present the shoes to his/her supervisor. If the supervisor agrees that the soles are worn out, he/she will authorize the employee to purchase a new pair of shoes at City expense. If the supervisor judges that the uppers are in good condition, he will authorize the employee to have the shoes resoled at City expense.

L. UNIFORMS

It shall be understood by the NBEL and its members that employees who report for work either "out of uniform" or in "dirty" or "otherwise substandard" uniforms will be sent home without additional prior notice and without pay. Such incidents shall further be documented and regularly repeated violations of the uniform standards will subject the employee to progressive discipline up to and including dismissal for negligence and/or misconduct.

Employees represented by the NBEL will be permitted to wear specified and approved shorts as part of the City approved optional uniform. The shorts must be dark blue in color, the inseam must be no less than 4 and 1/2 inches after shrinkage. They must be worn in combination with the standard City uniform shirt of the optional (golf style) City uniform shirt, and they must be worn with either white or blue socks. The optional uniform shall be considered proper and acceptable year-round. Department Directors may make individual exceptions to this optional uniform agreement through the establishment of Departmental Policy in the interest of reasonable safety considerations.

PERS Reporting of Uniform Allowance - To the extent permitted by law, the City shall report to the California Public Employees' Retirement System (CalPERS) the uniform allowance of \$95 per year for classifications who receive a uniform as special compensation in accordance with Title 2, California Code of Regulation, Section 571(a)(5). Notwithstanding the previous sentence, for "new members" as defined by the Public Employees' Pension Reform Act ("PEPRA") of 2013, the uniform allowance will not be reported as pensionable compensation to CalPERS.

M. VOLUNTARY TRAINING PROGRAM

The Department shall, when the need for additional or replacement individuals possessing a commercial driver's license is anticipated, establish a voluntary training program that will allow employees to qualify for the license.

N. IN-SERVICE SUPERVISORY AND SAFETY TRAINING

The City will continue its program of providing supervisory and motivational training for Supervisors and Crew Chiefs and any additional training required by law.

O. CLEAN-UP TIME

When necessary, each employee shall be permitted up to fifteen (15) minutes of paid City time at the end of each work shift to perform work related job site and personal clean-up and to put away tools and equipment. The amount of clean-up time shall be limited to the actual needs of the employee.

P. REST PERIODS

Employees shall be allowed a rest period of fifteen (15) minutes during the first half of their shift and another rest period of fifteen (15) minutes during the second half of their shift. Rest periods should be taken as close to mid shift as is possible.

Such rest periods shall be scheduled in accordance with the requirements of the Department, but in no case shall rest periods be scheduled within one (1) hour of the beginning or the ending of a work shift or lunch period. The City may designate the location or locations at which rest periods may be taken.

Rest periods shall be considered hours worked and employees may be required to perform duties, if necessary.

Q. SERVICE AWARDS

For the purposes of determining service awards, if an employee has been employed by the City on more than one occasion, non-consecutive time will be considered as part of total service. An employee is required to individually notify the awards committee of all of the service time.

R. DIRECT DEPOSIT

All employees shall participate in the payroll direct deposit system.

S. SALARY ON RECLASSIFICATION

An employee who is reclassified will be provided with a minimum salary increase of five (5%) percent upon reclassification (not to exceed the maximum of the new salary range).

T. CLASSIFICATION AND COMPENSATION STUDIES

In accordance with the City of Newport Beach Employee Policy Manual (EPM), the City Manager shall reclassify positions upon a determination that there has been a material change in the normal duties regularly performed by, or expected of, the employee(s) occupying the position. The NBEL may submit up to one request for a job audit per fiscal year to the Human Resources Director. The Human Resources

Director may terminate at any time the job audit upon a determination that there is no substantial evidence of a material change in duties. At the time of the request for a job audit, NBEL will provide the bases for the job audit request, including but not limited to, all substantial evidence of a material change in duties. The job audit should include a detailed analysis of the work performed by, or expected of, the employee(s) and a comparison of that work with the job specifications for the classification. The Human Resources Director shall submit a completed job audit, together with recommendations relative to reclassification to the Department Director, City Manager and NBEL.

In the event a position is reclassified, the salary range and effective date shall comply with section 9.2B of the City's EPM. This provision shall terminate on December 31, 2025.~~upon the expiration of this MOU~~

U. SEPARABILITY

Should any part of this MOU or any provision herein contained be rendered or declared invalid, by reason of any existing or subsequently enacted Legislation, or by decree of a Court of competent jurisdiction, such invalidation of such part or portion of this MOU shall not invalidate the remaining portion hereto, and same shall remain in full force and effect.

V. OVERPAYMENT

Employees will be notified by Payroll or Human Resources prior to the recovery of overpayments on paychecks. Recovery of more than 15% of net pay will be subject to a repayment schedule established by the appointing authority under guidelines issued by the Finance Department or Human Resources. Such recovery shall not exceed 15% per month of disposable earnings, as defined by State law, except a mutually agreed upon accelerated payment plan for faster recovery.

Recoupments under this section shall be limited to forty-eight (48) months. However, nothing in this section is intended to preclude the City from seeking recoupment of overpayments due to fraud or other knowing concealment through any available legal forum.

Prior to the commencement of a recoupment for an overpayment, the parties will reach an agreement capturing the terms of repayment consistent with the provisions of this section.

Signatures are on the next page.

For NBEL:

Michelle Rubio

Michelle Rubio (Jun 5, 2025 12:58 PDT)

Michelle Rubio
Chief Negotiator
Date: 05/06/2025

For the City:

Luke Jensen

Luke Jensen
Chief Negotiator
Date: 05/06/2025