



CITY OF

NEWPORT BEACH

City Council Staff Report

August 26, 2025
Agenda Item No. 11

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

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TITLE: Resolution No. 2025-53: Adopting a Memorandum of Understanding
Between the City of Newport Beach and the Part Time Employees
Association of Newport Beach and Amending the Salary Schedule

ABSTRACT:

The Tentative Agreement (Agreement) regarding a Memorandum of Understanding (MOU) between the City of Newport Beach and the Part Time Employees Association of Newport Beach (PTEANB or Association) was submitted at the City Council's regular meeting on July 22, 2025, providing the Council and the community with an opportunity to consider the terms and costs of the Agreement.

The proposed MOU is now presented for City Council action. This is the final step in the meet and confer process with the PTEANB. Staff recommends approval of the MOU and associated salary schedules. The attached budget amendment appropriates the required funding to implement the costs associated with the agreement for the current fiscal year.

RECOMMENDATIONS:

- a) Determine this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because this action will not result in a physical change to the environment, directly or indirectly;
- b) Adopt Resolution No. 2025-53, *A Resolution of the City Council of the City of Newport Beach, California, Adopting a Memorandum of Understanding between the City of Newport Beach and the Part Time Employees Association of Newport Beach and Amending the Salary Schedule*; and
- c) Approve Budget Amendment No. 26-019 to appropriate \$406,230.36 in increased expenditures for various salary and benefit accounts from unappropriated fund balances.

DISCUSSION:

The following discussion was provided, in part, with the July 22, 2025, staff report and is included here for reference:

Although the City employs a couple hundred or so part-time employees, only a third of them are eligible members of the PTEANB. PTEANB recognizes membership for part-time employees who have worked at least 1,000 hours in any fiscal year, or, when the City determines membership is required under state or federal law for medical coverage. These members work throughout the City organization, providing support to various departments, including, but not limited to, the library, recreation and police departments. Association and City representatives met and conferred in good faith and arrived at a Tentative Agreement. The Agreement addresses wages, benefits and other terms and conditions of employment for employees represented by the PTEANB, as required under the Meyers-Milias-Brown Act, California Government Code §3500.

Key provisions of the Tentative Agreement between the City and PTEANB include:

- Term: August 23, 2025, through June 30, 2028
- Salary Adjustments:
 - Part-time salary adjustments will be tied to the salary adjustments received by the full-time equivalent positions.
 - Part-time employee salary schedules will adjust to match the base salary hourly rates of the equivalent full-time classifications. Members will move to the full-time step with the salary that is closest to their current salary, whether higher or lower than their current step.
 - Part-time classifications aligned with the full-time classifications represented by the Newport Beach City Employees Association (CEA) shall receive a one-time 4% equity adjustment. Once CEA has completed its negotiations for a successor MOU, these part-time classifications will move to the full-time step with the salary that is closest to their current salary, whether higher or lower than their current step.
- Medical Insurance: Effective January 1, 2026, the City will offer part-time members minimal essential coverage, as adjusted from year to year by the federal government. The current amount is \$706.40 per month; the amount for 2026 is not yet available. Some unit members' medical or opt-out benefit may be grandfathered, depending on hire date.
- Employee Retirement Contributions: Employee retirement contributions will adjust as follows:
 - - Tiers I & II – 8% of compensation earnable
 - Tier III – 8% of pensionable compensation or half of the normal cost, whichever is higher.
- Adjustments to the flex leave accrual cap.

The City Council reviewed and considered the Tentative Agreement and proposed MOU with PTEANB at its regular meeting on July 22, 2025, after which the staff report, costing and proposed MOU were posted for public review on the City's website. A final version of the successor MOU is being presented in accordance with Government Code section 3505.1. The total cost of the PTEANB is approximately \$2.6 million. If Council approves adoption of the MOU, City staff will work to implement the terms as soon as possible.

FISCAL IMPACT:

Detailed cost information is provided in Attachment B. Since the MOU covers the period from August 23, 2025, through June 30, 2028, it will result in the following annual fiscal impacts to implement the terms of the agreement, totaling \$2,576,844:

Fiscal Year	Amount
2025/26	\$ 552,000
2026/27	\$ 890,576
2027/28	\$1,134,268
	\$2,576,844

A budget amendment is required to appropriate \$406,230.36 from unappropriated fund balances to implement the agreement for Fiscal Year 2025-26. The General Fund will cover approximately 94% of the cost of the agreement with PTEANB, with the remaining portion funded by the Tidelands Fund, Water Fund, Wastewater Fund, and the Information Technology Internal Service Fund.

ENVIRONMENTAL REVIEW:

Staff recommends the City Council find this action is not subject to the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

NOTICING:

The agenda item has been noticed according to the Brown Act (72 hours in advance of the meeting at which the City Council considers the item).

ATTACHMENTS:

Attachment A – Resolution No. 2025-53
Attachment B – Estimated Cost of Contract with the PTEANB
Attachment C – Budget Amendment