



NEWPORT BEACH

City Council Staff Report

June 23, 2026
Agenda Item No. 7

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

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TITLE: Resolutions Nos 2026-46 & 2026-47: A Side Letter Agreement Between the City of Newport Beach and the Newport Beach City Employees Association Related to Alternative Work Schedules and the Telecommuting Program; and Modifications to the Key & Management Compensation Plan Related to Executive Management Physicals and the Telecommuting Program

ABSTRACT:

City of Newport Beach (City) staff is presenting two related personnel actions for City Council consideration. First, the City seeks approval of a Side Letter of Agreement between the City and the Newport Beach City Employees Association (NBCEA) to modify provisions related to alternative work schedules — specifically terminating all 4/10 work schedules effective June 30, 2026, unless expressly continued in writing by the city manager — and to increase the number of telecommuting hours under the telecommuting program from 80 to 100 hours per calendar year.

Second, staff seeks approval of amendments to the Key & Management (K&M) Compensation Plan to eliminate the dollar limit associated with executive management physical examinations and to similarly increase telecommuting hours from 80 to 100 hours per calendar year in relation to ending 4/10 work schedules effective June 30, 2026, unless expressly continued in writing by the city manager. Both actions reflect the City's commitment to fostering positive working relationships with its employees while balancing management practices.

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. 2026-46, *A Resolution of the City Council of the City of Newport Beach, California, Approving a Side Letter Agreement Between the City of Newport Beach and the Newport Beach City Employees Association Related to Alternative Work Schedules and the Telecommuting Program*;
- c) Adopt Resolution No. 2026-47, *A Resolution of the City Council of the City of Newport Beach, California, Modifying the Key & Management Compensation Plan Related to*

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Executive Management Physicals, Alternative Work Schedules and the Telecommuting Program; and

- d) Authorize the Mayor to execute the Side Letter of Agreement attached as Exhibit A to Resolution No. 2026-46.

DISCUSSION:

The NBCEA represents just under 100 miscellaneous positions in administrative support, finance, library services, and recreational services occupations, and is affiliated with the Laborers' International Union of North America (LIUNA). On December 9, 2025, the City Council adopted Resolution No. 2025-84, approving a Memorandum of Understanding (MOU) with the NBCEA with a term of November 29, 2025, through December 31, 2028.

The proposed Side Letter of Agreement amends Section 5, Miscellaneous, Subsection C, Alternate Work Schedules, of the MOU. Under the amended language, unit members may work either a 5/40 or 9/80 work schedule subject to supervisor approval. After June 30, 2026, a 4/10 schedule shall not be available unless specifically approved in writing by the city manager, based on operational necessity or other exceptional circumstances. Any existing 4/10 schedule shall terminate on June 30, 2026, unless expressly continued in writing by the city manager. Approval of a 4/10 schedule is entirely within the city manager's discretion, is not entitlement, and may be revoked due to operational needs. Denials of requests to work a 4/10 schedule and/or the cancellation of an existing 4/10 schedule shall not be subject to the grievance procedure in Section 5.F. The City agrees to maintain flex-scheduling where it is currently operating successfully in this unit.

The proposed Side Letter also amends Section 5, Miscellaneous, Subsection M, Telecommuting Program, of the MOU to increase the number of telecommuting hours from 80 to 100 hours per calendar year, to be used in accordance with City policy. The provisions of the policy shall not trigger any right of grievance or appeal. All other provisions, terms and covenants set forth in the MOU shall remain unchanged and in full force and effect.

The K&M group is comprised of just over 80 unrepresented executive, management, supervisory and confidential employees. On July 22, 2025, the City Council adopted Resolution No. 2025-45, approving the K&M compensation plan for the period of July 12, 2025, through June 30, 2028. K&M employees are unrepresented and therefore the plan is not negotiated; rather, it is adopted via resolution by the City Council.

The proposed resolution amends Section 4, Benefits, Subsection B, Additional Benefits, Subsection 4, Executive Management Physical Examinations, of the K&M Compensation Plan. Because the costs of annual physicals offered through the City's approved medical provider fluctuate, the City Council desires to eliminate the dollar limit associated with executive management physicals. As amended, employees in classifications designated as executive management may obtain an executive

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management physical examination through a medical provider approved by the City, subject to applicable administrative procedures established by the City.

The proposed resolution also amends Section 5, Miscellaneous, Subsection E, Telecommuting Program, of the K&M compensation plan to increase the number of telecommuting hours from 80 to 100 hours per calendar year in relation to ending 4/10 work schedules effective June 30, 2026, unless expressly continued in writing by the City Manager. The provisions of the policy shall not trigger any right of grievance or appeal.

FISCAL IMPACT:

The fiscal impact of the NBCEA Side Letter is limited to the operational adjustments associated with the transition away from 4/10 work schedules and the modest increase in telecommuting hours. No budget amendment is required for the telecommuting hour increase, as the change reflects a scheduling policy modification rather than a direct compensation cost.

For the K&M Compensation Plan amendments, the elimination of the dollar cap on executive management physicals may result in some variability in annual costs depending on the medical provider's pricing; however, no specific budget amendment is presented at this time as costs will be addressed through the normal administrative procedures established by the City.

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).

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ATTACHMENTS:

Attachment A – Resolution No. 2026-46: Approving Side Letter Agreement with NBCEA Related to Alternative Work Schedules and the Telecommuting Program

Attachment B - Resolution No. 2026-47: Modifying the Key & Management Compensation Plan Related to Executive Management Physicals and the Telecommuting Program