



CITY OF

NEWPORT BEACH

City Council Staff Report

July 8, 2025
Agenda Item No. 18

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

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TITLE: Eighth Amended and Restated Employment Agreement for City Attorney

ABSTRACT:

Pursuant to Article VI of the City Charter of the City of Newport Beach, the city attorney is appointed by and serves at the pleasure of the City Council. From time to time, the City Council and the city attorney may renegotiate employment terms, including adjustments to compensation and/or benefits.

The terms and conditions of City Attorney Aaron Harp's employment are currently defined by his Seventh Amended and Restated Employment Agreement. On February 25 and April 15, 2025, the City Council met with and conducted the city attorney's annual performance evaluation. As a result, an Eighth Amended and Restated Employment Agreement (Employment Agreement) for the City Attorney is presented for the City Council's consideration.

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) Approve and authorize the Mayor to execute the Eighth Amended and Restated Employment Agreement between the City of Newport Beach and City Attorney Aaron C. Harp, subject to the terms and conditions approved by the City Council;
- c) Adopt Resolution No. 2025 – __, *A Resolution of the City Council of the City of Newport Beach, California, Amending the Salary Schedule and Adopting a New Salary Range for the City Attorney*; and
- d) Approve Budget Amendment No. 26-007, appropriating \$30,512 from unappropriated General Fund balance to various salary and benefit accounts to implement the terms of the Agreement for FY 2025-2026.

DISCUSSION:

Aaron C. Harp was appointed as the city attorney for the City of Newport Beach on September 6, 2011. His current employment terms are outlined in a Seventh Amended and Restated Employment Agreement (Seventh Amended Agreement) which was approved by the City Council on March 22, 2022. The Seventh Amended Agreement provided for:

1. Term: A term from March 22, 2022, through December 30, 2028.
2. Base Salary and Adjustments: An annual Base Salary of \$270,000, which is now \$310,339, because of contract amendment(s) and cost-of-living adjustments tied to Key and Management Executive Management Employees (Management Employees).
3. Annual Physical Exam: An annual physical exam of up to a maximum of \$1,000.
4. Phone Allowance: A phone allowance that is equal to the phone allowance provided to any Executive Management Employee (Phone Allowance).
5. Automobile Allowance: An auto allowance of \$500 per month (Auto Allowance).
6. Deferred Compensation: A City paid contribution to his 401(a) defined contribution plan in the total amount of \$14,500 in calendar year 2022, which is currently \$22,000 per calendar year based on annual adjustments provided for in the Seventh Amended Agreement.
7. CalPERS Contribution: An initial CalPERS contribution of 13%, which is currently 11.5% (tied to the same formula or percentage contribution as is applied to the Tier I non-safety members of the Key and Management Group covered under the Compensation Plan and for the same duration).
8. Severance Benefit: A severance provision that provides for a cash settlement equal to his monthly base salary, multiplied by the number of months left on the unexpired term of the Seventh Amended Agreement, not to exceed 18 or 12 months, depending on the date of termination.

For the City Council's consideration is an Eighth Amended and Restated Employment Agreement (Eighth Amended Agreement, which is attached hereto as Attachment A), which provides for the following:

1. Term: A term from July 8, 2025, through December 30, 2028.
2. Base Salary and Adjustments: An annual Base Salary of \$322,752, which would be adjusted by the same percentage salary schedule/cost-of-living adjustment, if any, approved by the City Council for Management Employees, as outlined in the Compensation Plan. For instance, if the Management Employees receive a cost-of-living adjustment of 5% after July 8, 2025, the city attorney's base salary will increase by 5%.
3. Performance Bonus: A lump sum performance bonus of 2.5% of his base salary, as adjusted, payable on the next normal payday that includes December 26, 2025, and annually thereafter.

4. Phone Allowance: A Phone Allowance that is equal to the phone allowance provided to any Management Employees, which is the same as his current allowance.
5. Automobile Allowance: An Auto Allowance of \$500 per month, which is the same as his current allowance.
6. Deferred Compensation: A City paid contribution to his 401(a) defined contribution plan in an annual amount that is equal to half of the current adjusted total contribution limit under section 415(c)(1)(A) in effect. For calendar year 2025, the total City paid contribution will be \$35,000.
7. CalPERS Contribution: An initial CalPERS contribution of 11.5% (tied to the same formula or percentage contribution as is applied to the Tier 1 non-safety members of the Key & Management Group covered under the Compensation Plan and for the same duration). For instance, if the Management Employees CalPERS contribution is reduced from 11.5% to 8% after July 8, 2025, the city attorney's CalPERS contribution will decrease to 8%.
8. Severance Benefit: A severance provision that generally provides that if the city attorney does not resign before the end of the term and the Eighth Amended Agreement is not terminated for cause, the City will pay his severance equal to his annual base salary times 12 or the number of months left on the unexpired term of the contract, whichever is less.

Should the Council approve the Eighth Amended Agreement, Human Resources and Finance Department staff will work together to implement the terms. Consistent with the Council's stated goal of transparency, the employment agreement will also be published on the City's website, readily available for public review.

FISCAL IMPACT:

The estimated cost associated with the Eighth Amended and Restated Employment Agreement for the City Attorney is \$440,176. Budget Amendment No. 26-007 appropriates \$30,512 in increased expenditure appropriations from the General Fund unappropriated fund balance.

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 – Employment Agreement

Attachment B – Resolution No. 2025 –

Attachment C – Estimate of Costs Associated with Amended Agreement

Attachment D – Budget Amendment