



CITY OF

NEWPORT BEACH

City Council Staff Report

June 10, 2025
Agenda Item No. 12

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

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TITLE: Tentative Agreement with Newport Beach Employees League

ABSTRACT:

The Memorandum of Understanding (MOU) between the City of Newport Beach and the Newport Beach Employees League (LEAGUE or Union) expires December 31, 2025. At the City Council's direction, the parties began negotiating the terms and conditions of a new agreement well in advance of the expiration date, with the goal of implementing a successor agreement with enhanced benefits as soon as possible. A Tentative Agreement (Agreement) has been reached. The Agreement addresses wages, benefits and other terms and conditions of employment for employees represented by LEAGUE and was negotiated as required under the Meyers-Milias-Brown Act, California Government Code §3500.

To promote greater transparency in the negotiations process, including the costs associated with the labor contract, the Agreement with LEAGUE is being presented at this time for public review and comment. The complete Agreement, which spans the period June 14, 2025 through June 30, 2028, will be presented for City Council consideration at the June 24, 2025 regular meeting.

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; and
- b) Receive and consider the Tentative Agreement between the City of Newport Beach and the Newport Beach Employees League.

DISCUSSION:

LEAGUE represents approximately 100 non-safety employees in municipal operations and utilities occupations, including park, beach and street maintenance; water and wastewater services; and equipment/mechanical maintenance. LEAGUE is affiliated with the Orange County Employees Association (OCEA). During negotiations, City staff members, LEAGUE members, and respective professional labor representatives discussed wage adjustments, employee retirement contributions, the medical cafeteria allowance and structure, standby pay, certificate pays, and other non-economic matters.

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

- Term: June 14, 2025 through June 30, 2028
- Salary Adjustments:
 - June 14, 2025 – 5% increase
 - July 1, 2026 – 4% increase
 - July 1, 2027 – 3% increase
- Medical Insurance: The City will contribute \$2,025 per month (plus the minimum CalPERS participating employee contribution) to each member's cafeteria plan.
- Employee Retirement Contributions: Effective June 14, 2025 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
- Standby Duty: Increased from \$8.00 per hour to \$12.00 per hour
- Certification Pay: Existing certificate pays will increase by 30%. New certifications will be added for CWEA Electrical & Instrumentation Technologist Grade 2 or above and CNG Fuel System Inspector.

A draft version of the Tentative Agreement between the City and LEAGUE is provided as Attachment A. Changes to the current agreement are noted in redline. Costing information is included in Attachment B. The total cost of the contract is approximately \$4.96 million.

LEAGUE's members have voted in favor of the Agreement. Following City Council review of the Tentative Agreement with LEAGUE, a final version of the successor MOU will be presented to the City Council on June 24, 2025. In the interim, the costing information and proposed MOU revisions will be posted for public review on the City's website.

The Agreement will not become effective until the City Council formally adopts it. If approved at the June 24, 2025 City Council meeting, City staff will implement the provisions accordingly.

FISCAL IMPACT:

Detailed cost information is provided in Attachment B. Since the MOU covers the period from June 14, 2025, through June 30, 2028, it will result in the following annual fiscal impacts to implement the terms of the agreement, totaling \$4,958,941:

Fiscal Year	Amount
2024/25	\$ 40,879
2025/26	1,168,257
2026/27	1,676,635
2027/28	2,073,170
	\$4,958,941

Sufficient projected unassigned General Fund balance reserves are available to support the required appropriations. Following the City Council's consideration of the Tentative Agreement, staff will return with a budget amendment in the amount of \$40,879 to appropriate the funds needed to cover the cost of the contract for the current fiscal year. Adequate funding will be included in the annual budgets for subsequent years.

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 – Tentative Agreement and Proposed MOU between the City and the LEAGUE (Redline)

Attachment B – Estimated Cost of Contract with LEAGUE