



CITY OF

NEWPORT BEACH

City Council Staff Report

December 9, 2025
Agenda Item No. 5

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

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TITLE: Resolution No. 2025-84: Adopting a Memorandum of Understanding
Between the City of Newport Beach and the Newport Beach City
Employees Association and Amending the Salary Schedule; and
Resolution No. 2025-85: Approving a Revised Salary Schedule for
the Part Time Employees Association of Newport Beach

ABSTRACT:

The Tentative Agreement (Agreement) regarding a Memorandum of Understanding (MOU) between the City of Newport Beach and the Newport Beach City Employees Association (NBCEA) was submitted to the City Council at its regular meeting on November 18, 2025, to provide the City Council and community 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 NBCEA. Staff recommends approval of the MOU and the associated salary schedule. Further, 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 2025-84: *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 Newport Beach City Employees Association and Amending the Salary Schedule;*
- c) Adopt Resolution 2025-85: *A Resolution of the City Council of the City of Newport Beach, California, Approving a Revised Salary Schedule for the Part Time Employees Association of Newport Beach;*

- d) Approve Budget Amendment No. 26-041, appropriating \$523,605.04 in increased expenditures in various City division salary and benefit accounts from the General Fund and the Water Enterprise Fund to fund the agreement with the Newport Beach City Employees Association; and
- e) Approve Budget Amendment No. 26-044, appropriating \$45,642.61 in increased expenditures in various City division salary and benefit accounts from the General Fund to fund positions in the Part-Time Employees Association of Newport Beach.

DISCUSSION:

The following discussion was provided, in part, with the November 18, 2025, staff report and is included here for reference.

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). During negotiations, City representatives and NBCEA board members discussed wage adjustments, the medical cafeteria allowance and structure, leave time, employee retirement contributions, and other non-economic matters.

Key provisions of the Agreement between the City and NBCEA include:

- Term: November 29, 2025, through December 31, 2028
- Salary Adjustments:
 - November 29, 2025 – 5% increase
 - Effective the first full pay period after January 1, 2027 – 4% increase
 - Effective the first full pay period after January 1, 2028 – 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
- Introduction of Longevity Pay starting at 15 years of full-time service with the City
- Adjustments to Shift Differential Pay and Holiday Leave
- Withdrawal from the LIUNA National Industrial Pension Fund

It should be noted that the two parties reached a Tentative Agreement earlier this year to reduce NBCEA members' California Public Employee Retirement System (CalPERS) pension retirement contributions. On September 23, 2025, the City Council adopted

Resolution No. 2025-63, and thereby approved a Side Letter Agreement with the NBCEA to reduce its members' CalPERS contributions to the following levels:

- Tiers I & II – 8% of compensation earnable
- Tier III – 8% of pensionable compensation or half the normal cost, whichever is higher.

These reduced CalPERS contribution rates approved by the City Council in September have been incorporated into the proposed MOU.

The City Council reviewed and considered the Agreement and proposed MOU with NBCEA at its regular meeting on November 18, 2025, after which the costing information 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 NBCEA MOU is approximately \$3.8 million. If the Council approves adoption of the MOU, City staff will work to implement the terms as soon as possible.

Part Time Salary Schedule Adjustments

In addition, staff recommends adoption of Resolution 2025-85. On August 26, 2025, the City Council approved a new MOU between the City and the Part Time Employees Association of Newport Beach (PTEANB). Per the MOU, part-time classification salary schedules are to adjust to match the base salary, hourly rates of the equivalent, full-time NBCEA classifications, once the City Council approves a new MOU with the NBCEA.

Accordingly, employees working part-time in classifications that have a full-time counterpart 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.

FISCAL IMPACT:

Detailed cost information is provided in Attachment C. Since the MOU covers the period from November 29, 2025, through December 31, 2028, it will result in the following annual fiscal impacts to implement the terms of the agreement, totaling \$3,784,234:

Fiscal Year	Amount
2025/26	\$ 806,786
2026/27	\$1,324,238
2027/28	\$1,653,210
Total	\$3,784,234

The costs shown reflect the additional annual expenses for each corresponding fiscal year. These amounts include the costs associated with the side letter approved on September 23, 2025, which reduced the required CalPERS pension contributions to 8% or half of the normal cost, whichever is greater. On that same date, the City Council

approved Budget Amendment No. 26-027, appropriating \$283,181 for the aforementioned side letter with the NBCEA. At this time, a budget amendment of \$523,605.04 is required to appropriate the funds necessary to cover the full cost of the contract for Fiscal Year 2025-26. Adequate funding will be included in the annual budget for subsequent years. A budget amendment of \$45,642.61 is also required to increase expenditure appropriations to fund positions in the Part-Time Employees Association of Newport Beach that are aligned with the NBCEA.

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. 2025-84 including Exhibit A, NBCEA MOU
Attachment B – Resolution No. 2025-85 including Exhibit A, PTEANB Salary Adjustments
Attachment C – Cost of Agreement with NBCEA
Attachment D – Budget Amendment No. 26-041
Attachment E – Budget Amendment No. 26-044