



NEWPORT BEACH

City Council Staff Report

January 11, 2022
Agenda Item No. 13

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

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TITLE: Tentative Agreement with the Newport Beach Employees League
(League)

ABSTRACT:

The Memoranda of Understanding (MOU) between the City of Newport Beach (City) and the Newport Beach Employees League (League) expired December 31, 2021. The League is affiliated with the Orange County Employees Association (OCEA). Representatives from the City and the League began negotiating the terms and conditions of a successor agreement in October 2021. A Tentative Agreement (Agreement) has been reached. The Agreement addresses wages, benefits, and other terms and conditions of employment for employees represented by the League, 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 League Agreement (Attachment A) is being presented at this time for public review and comment. The Agreement, which spans the time period from January 1, 2022 through December 31, 2025 will be presented again for City Council adoption (or rejection) at the January 25 regular meeting.

RECOMMENDATION:

- 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:

The 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. The League is affiliated with the OCEA. During negotiations, City staff members, League members, and respective legal representatives discussed wage adjustments, disability benefits, retirement plans, cafeteria allowance, overtime, certification pays, deferred compensation, clarifying language, classification and compensation, and other non-economic matters.

Salient provisions of the Tentative Agreement between the City and the League include:

- Four-year term, from January 1, 2022 through December 31, 2025
- Wage adjustments
 - January 2022 – 1.0%
 - January 2023 – 2.0%
 - January 2024 – 2.0%
 - January 2025 – 2.0%
- City-paid short-term and long-term disability benefits
- Modifications to the cafeteria allowance structure and new member medical opt-out
- Reopener in July 2023 to discuss possible changes to the medical benefit program
- One-time signing bonus of \$2,000 for currently active unit members

A draft version of the Tentative Agreement between the City and the League is included as Attachment A, with changes from the current agreement in redline. Costing information is included as Attachment B. The total cost of the League Agreement is estimated to be approximately \$2,360,985.

Following City Council review of the Tentative Agreement and proposed MOU with the League, a final version of the successor MOU will be presented at the January 25, 2022 regular meeting. The costing information and proposed revisions to the MOU will be posted for public review on the City's website.

The Agreement will not become effective, per Government Code §3505.1, until the governing body, i.e., City Council, takes action to adopt it. If the City Council approves adoption of the Tentative Agreement with the League at the January 25, 2022 meeting, City staff will work to implement the provisions as soon as practicable.

FISCAL IMPACT:

The detailed costing information included in Attachment B is provided on a calendar year basis. Because the effective date of the agreement is mid-fiscal year, the cost to implement the terms of the agreement for FY 2021-22 is less than the \$382,000 shown in Attachment B. It is estimated to be \$296,000 (\$210,000 for the signing bonus plus \$86,000 for the remaining six months of the fiscal year).

Additionally, the disability insurance premiums can be funded from disability insurance reserve funds on hand for the balance of the current fiscal year, and certain pension and compensated absences costs are long term in nature and will not impact the current fiscal year's budget. Should the Council approve the MOU, the budgetary impact is therefore reduced to approximately \$258,000 in FY 2021-22.

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 (redlined) between the City and the League with Signature of League President Craig Auger
- Attachment B – Estimated Cost of Contract with League