



CITY OF

NEWPORT BEACH

City Council Staff Report

July 28, 2026
Agenda Item No. 3

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: Seimone Jurjis, City Manager - 949-644-3001,
sjurjis@newportbeachca.gov

PREPARED BY: Jason Al-Imam, Administrative Services Director - 949-644-3026,
jallmam@newportbeachca.gov

TITLE: Resolution No. 2026-54: Approving a Side Letter Agreement
Between the City of Newport Beach and the Newport Beach Fire
Management Association Related to Holiday In-Lieu Pay

ABSTRACT:

On June 14, 2022, the City Council adopted Resolution No. 2022-39, approving a Memorandum of Understanding (MOU – 2022) between the City of Newport Beach (City) and the Newport Beach Fire Management Association (NBFMA), with a term of July 1, 2022, through June 30, 2026. On July 22, 2025, the City Council adopted Resolution No. 2025-46, approving a successor Memorandum of Understanding (MOU – 2025) between the City and NBFMA, with a term of July 1, 2025, through June 30, 2028. Both MOUs established Holiday In-Lieu Pay for eligible NBFMA Safety Members. The parties now desire to clarify the method by which Holiday In-Lieu Pay is calculated, including the annual holiday hours represented by the negotiated biweekly payments, the prorated calculation applicable to Safety Members, and the specific holidays for which the Holiday In-Lieu Pay is provided. The clarification is intended to more clearly document the existing benefit and support its continued treatment as pensionable special compensation under applicable CalPERS regulations. This Side Letter does not create a new benefit or increase the amount of Holiday In-Lieu Pay previously negotiated by the Parties.

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) Adopt Resolution No. 2026-54, *A Resolution of the City Council of the City of Newport Beach, California, Approving a Side Letter of Agreement Between the City of Newport Beach and the Newport Beach Fire Management Association Related to Holiday In-Lieu Pay.*

DISCUSSION:

The NBFMA represents fire management personnel employed by the City. All NBFMA Safety Members work in positions that require scheduled staffing without regard to holidays. Because these employees are required to work on approved holidays, both

MOU – 2022 and MOU – 2025 established a Holiday In-Lieu Pay benefit in place of observing certain holidays.

MOU – 2022 Holiday In-Lieu Pay (Effective July 1, 2022)

Under MOU – 2022, Holiday In-Lieu Pay was established for six holidays: Martin Luther King Jr. Day, Independence Day, Labor Day, Veterans Day, Thanksgiving Day and Christmas Day. Safety Line employees, who are assigned to a 112-hour biweekly work schedule, receive holiday in-lieu pay equal to the value of 5.54 hours per pay period, representing a total annual holiday-in-lieu pay equal to the value of 144 hours based on six holidays at 24 hours per holiday. Safety Staff employees, who are assigned to an 80-hour biweekly work schedule, receive a prorated benefit calculated using a conversion factor of 0.714 (80 hours divided by 112 hours), resulting in holiday in-lieu pay equal to the value of 3.96 hours per pay period, which translates to a total annual holiday-in-lieu pay equal to the value of 102.96 hours. Holiday pay is paid biweekly with the regular paycheck.

MOU – 2025 Holiday In-Lieu Pay (Effective July 12, 2025)

Under MOU – 2025, the Holiday In-Lieu Pay benefit was expanded to cover eight holidays: New Year's Day, Martin Luther King Jr. Day, Memorial Day, Independence Day, Labor Day, Veterans Day, Thanksgiving Day and Christmas Day. Safety Line employees receive holiday in-lieu pay equal to the value of 7.38 hours per pay period, representing a total annual holiday-in-lieu pay equal to the value of 192 hours based on eight holidays at 24 hours per holiday. Safety Staff employees receive a prorated benefit using the same 0.714 conversion factor, resulting in holiday in-lieu pay equal to the value of 5.26 hours per pay period, which translates to a total annual holiday-in-lieu pay equal to the value of 136.76 hours. Holiday pay continues to be paid biweekly with the regular paycheck.

During the administration of the MOUs, the City reviewed the Holiday In-Lieu Pay provisions to ensure they clearly document the methodology used to calculate the benefit and its relationship to the specific holidays for which the benefit is provided. The proposed Side Letter memorializes these existing practices and provides additional clarification to support the continued reporting of Holiday In-Lieu Pay as pensionable special compensation, to the extent permitted by law.

The Parties desire to clarify the method by which Holiday In-Lieu Pay is calculated under both MOUs, including the annual holiday hours represented by the negotiated biweekly payments, the prorated calculation applicable to Safety Staff members, and the specific holidays for which the Holiday In-Lieu Pay is provided. The Parties further desire to clarify that, to the extent permitted by law, the Holiday In-Lieu Pay constitutes pensionable Holiday Pay reportable as special compensation pursuant to Title 2, California Code of Regulations, sections 571(a)(5) and 571.1(b)(4). The Side Letter is not intended to create a new benefit or increase the amount of Holiday In-Lieu Pay previously negotiated by the

Parties, and all other provisions, terms, and covenants set forth in the MOUs remain unchanged and in full force and effect.

FISCAL IMPACT:

There is no fiscal impact associated with this item because the Side Letter does not create a new benefit or increase employee compensation. Rather, it clarifies the existing Holiday In-Lieu Pay benefit and the methodology used to calculate and report that benefit for pension purposes.

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).

ATTACHMENT:

Attachment A – Resolution No. 2026-54