

**SIDE LETTER OF AGREEMENT
BETWEEN
CITY OF NEWPORT BEACH
AND
THE PART TIME EMPLOYEES ASSOCIATION OF NEWPORT BEACH**

This Side Letter of Agreement (“Agreement”) is made and entered into this 27th day of August 2024, by and between the City of Newport Beach ("City") and the Part Time Employees Association of Newport Beach ("Association") (collectively "Parties") with respect to the following:

WHEREAS, on March 8, 2022, the City Council adopted Resolution No. 2022-17 approving a Memorandum of Understanding ("MOU") between the Parties with a term of January 1, 2022, through December 31, 2025;

WHEREAS, given existing inflationary pressures and to aid in the recruitment and retention of valuable employees, the Parties wish to modify the MOU; and

WHEREAS, this Agreement will not have the effect of an agreement, and will not be binding on either party, until it is ratified by the affected bargaining unit and approved by the City Council.

NOW, THEREFORE, it is mutually agreed between the Parties as follows:

1. The following language in Section 3, Fringe Benefits, Subsection F, Retirement Benefit, Subsection 2, Employee Contributions, of the MOU, which was previously amended pursuant to the Side Letter Agreement dated November 29, 2022, is hereby amended and shall read as follows:

“2. Employee Contributions

The Association has agreed to share in the rising cost of pension obligations. Under the terms of this MOU, unit members will contribute additional amounts toward the CalPERS retirement benefit, to the extent permissible by law. Should any provision be deemed invalid, the City and Association agree to meet for the purpose of renegotiating employee retirement contributions.

Employee retirement contributions that are in addition to the normal CalPERS Member Contribution (of 7% or 8%) shall be calculated on base pay, special pays, and other pays normally reported as “PERSable” compensation and will be made on a pre-tax basis through payroll deduction, to the extent allowable by law. It is recognized that these payments will not be reported to CalPERS as contributions toward either the Member or Employer rate, as provided under Government Code Section 20516(f).

Under a separate agreement and ratified via a contract amendment with CalPERS in 2008, Tier I employees shall contribute 2.42% compensation earnable (as cost sharing) per Government Code section 20516(a).

Tier I Employees - shall contribute a total employee contribution of 13% as follows: Tier I – Eight percent (8%) member contribution, 2.42% of compensation earnable as cost sharing per Government Code section 20516(a) and 2.58% of compensation earnable as cost sharing per Government Code section 20516(f).

Temporary Reduction. Effective the pay period that includes January 1, 2023, Tier I Employees shall contribute a total employee contribution of 11.5% as follows: Tier I – Eight percent (8%) member contributions, 2.42% of compensation earnable as cost sharing per Government Code section 20516(a) and 1.08% of compensation earnable as cost sharing per Government Code section 20516(f). This reduction in the employee contribution rate sunsets at the end of the last full pay period in December 2025. Accordingly, effective the pay period that includes January 1, 2026, Tier I Employees shall contribute a total employee contribution of 13% as follows: Tier I – Eight percent (8%) member contribution, 2.42% of compensation earnable as cost sharing per Government Code section 20516(a) and 2.58% of compensation earnable as cost sharing per Government Code section 20516(f).

Tier II Employees - shall contribute a total employee contribution of 13% as follows: seven percent (7%) (compensation earnable) member contribution and six percent (6%) of compensation earnable as cost sharing per Government Code section 20516(f).

Temporary Reduction. Effective the pay period that includes January 1, 2023, Tier II Employees shall contribute a total employee contribution of 11.5% as follows: seven percent (7%) (compensation earnable) member contribution and four and one-half percent (4.5%) of compensation earnable as cost sharing per Government Code section 20516(f). This reduction in the employee contribution rate sunsets at the end of the last full pay period in December 2025. Accordingly, effective the pay period that includes January 1, 2026, Tier II employees shall contribute a total employee contribution of 13% as follows: seven percent (7%) (compensation earnable) member contribution and six percent (6%) of compensation earnable as cost sharing per Government Code section 20516(f).

Tier III Employees - The minimum statutory employee contribution for employees in Tier III is subject to the provisions of PEPR and equals 50% of the “total normal cost”. Tier III employees shall make an additional contribution of pensionable compensation toward retirement pursuant to Government Code section 20516(f), such that the total employee contribution equals 13% of pensionable compensation.

Temporary Reduction. Effective the pay period that includes January 1, 2023, the minimum statutory employee contribution for employees in Tier III is

subject to the provisions of PEPR and equals 50% of the “total normal cost”. Tier III employees shall make an additional contribution of pensionable compensation toward retirement pursuant to Government Code section 20516(f), such that the total employee contribution equals no less than 11.5% of pensionable compensation (i.e., the greater of 11.5% or 50% of the “total normal cost”). This reduction in the employee contribution rate sunsets at the end of the last full pay period in December 2025. Accordingly, effective the pay period that includes January 1, 2026, the minimum statutory employee contribution for employees in Tier III is subject to the provisions of PEPR and equals 50% of the “total normal cost”. Tier III employees shall make an additional contribution of pensionable compensation toward retirement pursuant to Government Code section 20516(f), such that the total employee contribution equals no less than 13% of pensionable compensation (i.e., the greater of 13% or 50% of the “total normal cost”).

The City contracts with CalPERS for the 4th Level 1959 Survivors Insurance Benefit, \$500 Lump Sum Death Benefit, Sick Leave Credit, Military Service Credit, 2% Cost of Living Adjustment and the pre-retirement option settlement 2 death benefit (Government Code Section 21548).

Employees in the classifications Police Cadet and Police Reserve Officer are excluded from membership in PERS, as provided in the contract between the City of Newport Beach and the Board of Administration of the Public Employees' Retirement System.”

2. Except as expressly modified herein, all other provisions, terms, and covenants set forth in the MOU shall remain unchanged and shall be in full force and effect.

Signatures on the next page

Executed this 26th day of July, 2024

FOR THE PART TIME EMPLOYEES ASSOCIATION OF NEWPORT BEACH:

By: Mary Craig
Mary Craig, President

FOR THE CITY OF NEWPORT BEACH:

By: Will O'Neill
Will O'Neill, Mayor

CITY OF NEWPORT BEACH
APPROVED AS TO FORM:

By: Aaron C. Harp
Aaron C. Harp, City Attorney

ATTEST:

By: Leilani Brown
Leilani Brown, City Clerk

