

**FIFTH AMENDMENT TO
CITY OF NEWPORT BEACH
KEY AND MANAGEMENT COMPENSATION PLAN**

WHEREAS, on January 25, 2022, the City Council adopted Resolution No. 2022-10 adopting a Key and Management Compensation Plan (“Plan”) for the period of January 1, 2022, through December 31, 2025;

WHEREAS, on August 23, 2022, the City Council adopted Resolution No. 2022-52 amending the Plan and modifying the cost-of-living adjustments for Key and Management Employees (“First Amendment to the Plan”);

WHEREAS, on November 29, 2022, the City Council adopted Resolution No. 2022-92 amending the Plan and modifying employee retirement contributions to CalPERS for Key and Management Employees (“Second Amendment to the Plan”);

WHEREAS, on April 11, 2023, the City Council adopted Resolution No. 2023-19 amending the Plan and adjusting the salary schedules and modifying the language related to employee retirement contributions to CalPERS for Key and Management Safety Employees (“Third Amendment to the Plan”);

WHEREAS, on November 28, 2023, the City Council adopted Resolution No. 2023-82 amending the Plan and modifying certain positions and titles for Key and Management Employees (“Fourth Amendment to the Plan”);

WHEREAS, on December 12, 2023, the City Council adopted Resolution No. 2023-85 approving revised salary schedules for Key and Management Employees;

WHEREAS, given existing inflationary pressures and to aid in the recruitment and retention of valuable employees, the City Council wishes to further amend the Plan; and

WHEREAS, this amendment will not be binding until it is approved by the City Council.

NOW, THEREFORE, the City Council of the City of Newport Beach wishes to amend the Plan as follows:

Section 1. The Compensation section of the Plan is amended to add Section I, Lump Sum Bonus (FY 2024-25), which shall read as follows:

“I. Lump Sum Bonus (FY 2024-25). Lump sum bonuses in the amount of One Thousand Dollars and No Cents (\$1,000.00) will be paid to those Eligible Key and Management Employees that are employed by the City on each of the following dates, as set forth below:

- Eligible Key and Management Employees employed by the City on August 27, 2024, will receive a lump sum bonus of One Thousand Dollars and No Cents (\$1,000) on September 13, 2024;
- Eligible Key and Management Employees employed by the City on October 1, 2024, will receive a lump sum bonus of One Thousand Dollars and No Cents (\$1,000) on October 11, 2024;
- Eligible Key and Management Employees employed by the City on January 1, 2025, will receive a lump sum bonus of One Thousand Dollars and No Cents (\$1,000) on January 17, 2025; and
- Eligible Key and Management Employees employed by the City on April 1, 2025, will receive a lump sum bonus of One Thousand Dollars and No Cents (\$1,000) on April 11, 2025.

By adopting this Fifth Amendment to the Key and Management Plan, the City Council for the City of Newport Beach does not intend for the lump sum bonuses to be pensionable and the lump sum bonuses shall not be reported to CalPERS. Also, the City Council for the City of

Newport Beach intends for the bonus payments to be specific to the pay period that the bonus payments are paid, and each lump sum bonus shall be considered part of the regular rate for the pay period in which it is paid only.

For purposes of this Section the term “Eligible Key and Management Employees” shall mean those Key & Management Employees occupying the following job classifications on the specific date set forth above: (1) Police Chief; (2) Assistant Police Chief; (3) Administrative Assistant to Police Chief; (4) Police Support Services Administrator; (5) Assistant Fire Chief; (6) Assistant Chief Lifeguard Operations; (7) Emergency Medical Services Division Chief; (8) Fire Marshall; and (9) Administrative Assistant to Fire Chief.”

Section 2. The following language in the Benefits section, subsection C, Retirement Benefits, subsection 1, PERS, subsection b, Employee Contributions, Non-Safety, of the Plan which was previously amended pursuant to the Second Amendment to the Plan on November 29, 2022, is hereby amended and shall read as follows:

“Non-Safety:

Key and Management employees will contribute towards their CalPERS retirement benefit.

Employee retirement contributions that are in addition to the normal CalPERS Member Contribution shall be calculated on base pay, special pays, and other pays normally reported as “PERSable” compensation (known either as compensation earnable or pensionable compensation) and will be made on a pre-tax basis through payroll deduction, to the extent allowed by law.

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 13% of compensation earnable as follows: 8% as the statutory member contribution, 2.42% as cost sharing per Government

Code section 20516(a) and 2.58% 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 11.5% of compensation earnable as follows: 8% as the statutory member contribution, 2.42% 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 13% of compensation earnable as follows: 8% as the statutory member contribution, 2.42% 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 13% of compensation earnable as follows: 7% as the statutory member contribution and 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 11.5% of compensation earnable as follows: 7% as the statutory member contribution and 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 13% of compensation earnable as follows: 7% as the statutory member contribution and 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 PEPRA 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), for a total employee contribution of 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 PEPRRA 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), for a total employee contribution that is no less than 11.5% of pensionable compensation (i.e., Tier III employees pay 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 PEPRRA 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), for a total employee contribution that is no less than 13% of pensionable compensation (i.e., Tier III employees pay the greater of 13% or 50% of the “total normal cost”).

If in future fiscal years the member contribution rate for non-safety employees in Tier III shall become greater or less, as determined by CalPERS valuations, the additional contribution made by the employee under Government Code section 20516(f) will be increased or decreased accordingly so that the total employee contribution equals 13% of pensionable compensation. Provided however, that the employee contribution shall never fall below the statutorily required contribution.”

Section 3. The following language in the Benefits section, subsection C, Retirement Benefits, subsection 1, PERS, subsection b, Employee Contributions, Safety, of the Plan which was previously amended pursuant to the Second Amendment to the Plan on November 29, 2022, and the Third Amendment to the Plan on April 11, 2023, is hereby amended and shall read as follows:

“Safety:

A. Police Safety

Absent an Employment Agreement or Resolution to the contrary, the employee contribution for police safety members depends on what Tier the employee is in as defined above.

Tier I and II members will contribute the full statutory member contribution, equal to 9% of compensation earnable, plus an additional 5.6% of compensation earnable toward retirement costs as permitted under Government Code §20516(f), for a total contribution of 14.6%.

Temporary Reduction. Effective the pay period that includes January 1, 2023, Tier I and Tier II employees shall contribute the full statutory member contribution, equal to 9%, plus an additional 4.1% of compensation earnable toward retirement costs as permitted under Government Code section 20516(f), for a total contribution of 13.1%. 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 and Tier II employees shall contribute the full statutory member contribution, equal to 9% of compensation earnable, plus an additional 5.6% of compensation earnable toward retirement costs as permitted under Government Code section 20516(f), for a total contribution of 14.6%.

Tier III members: In addition to the statutorily required 50% contribution of total normal costs (“member contribution rate”), Tier III members shall contribute an additional percentage of pensionable compensation toward retirement costs as cost sharing pursuant to Government Code §20516(f), so that their total contribution is 14.6%

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 PEPRA 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) for a total employee contribution that is no less than 13.1% of pensionable compensation (i.e., Tier III employees pay the greater of 13.1% 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 PEPRA 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) for a total employee contribution that is no less than 14.6% of pensionable compensation (i.e., Tier III employees pay the greater of 14.6% or 50% of the “total normal cost”).

If in future fiscal years the member contribution rate for safety employees in Tier III shall become greater or less, as determined by CalPERS valuations, the additional contribution made by the employee under Government Code section 20516(f) will be increased or decreased accordingly so that the total employee contribution equals 14.6% of pensionable compensation. Provided however, that the employee contribution shall never fall below the statutorily required contribution.

Effective the pay period that includes January 1, 2023, the CalPERS retirement contributions for Key & Management police safety employees shall be as noted above and shall not be tied to the retirement contributions required by members of the Police Management Association. Effective the pay period that includes January 1, 2026, the CalPERS retirement contributions for the Key and Management police safety employees shall be tied to the retirement contributions required by members of the Police Management Association. If there are future changes to those employee retirement contributions, as set forth in a council-approved MOU or side letter agreement, the same changes shall be made for Key and Management police safety employees.

B. Fire Safety

Absent an Employment Agreement or Resolution to the contrary, the employee contribution for fire safety members depends on what Tier the employee is in as defined above.

Tier I and II members will contribute the full statutory member contribution, equal to 9% of compensation earnable, plus an additional 4.5% of compensation earnable toward retirement costs as permitted under Government Code §20516(f), for a total contribution of 13.5%.

Temporary Reduction. Effective the pay period that includes January 1, 2023, Tier I and Tier II employees shall contribute the full statutory member contribution,

equal to 9%, plus an additional 3% of compensation earnable toward retirement costs as permitted under Government Code section 20516(f), for a total contribution of 12%. 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 and Tier II employees shall contribute the full statutory member contribution, equal to 9% of compensation earnable, plus an additional 4.5% of compensation earnable toward retirement costs as permitted under Government Code section 20516(f), for a total contribution of 13.5%.

Tier III members: In addition to the statutorily required 50% contribution of total normal costs (“member contribution rate”), Tier III members shall contribute an additional percentage of pensionable compensation toward retirement costs as cost sharing pursuant to Government Code §20516(f), so that their total contribution is 13.5%.

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) for a total employee contribution that is no less than 12% of pensionable compensation (i.e., Tier III employees pay the greater of 12% 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) for a total employee contribution that is no less than 13.5% of pensionable compensation (i.e., Tier III employees pay the greater of 13.5% or 50% of the “total normal cost”).

If in future fiscal years the member contribution rate for safety employees in Tier III shall become greater or less, as determined by CalPERS valuations, the additional contribution made by the employee under Government Code section 20516(f) will be increased or decreased accordingly so that the total employee

contribution equals 13.5% of pensionable compensation. Provided however, that the employee contribution shall never fall below the statutorily required contribution.

Effective the pay period that includes January 1, 2023, the CalPERS retirement contributions for Key & Management fire safety employees shall be as noted above and shall not be tied to the retirement contributions required by members of the Fire Management Association. Effective the pay period that includes January 1, 2026, the CalPERS retirement contributions for the Key and Management fire safety employees shall be tied to the retirement contributions required by members of the Fire Management Association. If there are future changes to those employee retirement contributions, as set forth in a council-approved MOU or side letter agreement, the same changes shall be made for Key and Management fire safety employees.

C. Assistant Chief, Lifeguard Operations

The employee contribution for the Assistant Chief of Lifeguard Operations will depend on what Tier the employee is in as defined above.

Tier I and II members will contribute the full statutory member contribution, equal to 9% of compensation earnable, plus an additional 4.6% of compensation earnable toward retirement costs as permitted under Government Code §20516(f), for a total contribution of 13.6%.

Temporary Reduction. Effective the pay period that includes January 1, 2023, Tier I and Tier II employees shall contribute the full statutory member contribution, equal to 9%, plus an additional 3.1% of compensation earnable toward retirement costs as permitted under Government Code section 20516(f), for a total contribution of 12.1%. 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 and Tier II employees shall contribute the full statutory member contribution, equal to 9% of compensation earnable, plus an additional 4.6% of compensation earnable toward retirement costs as permitted under Government Code section 20516(f), for a total contribution of 13.6%.

Tier III members: In addition to the statutorily required 50% contribution of total normal costs (“member contribution rate”), Tier III members shall contribute an additional percentage of pensionable compensation toward retirement costs as cost sharing pursuant to Government Code §20516(f), so that their total contribution is 13.6%.

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 PEPPRA 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) for a total employee contribution that is no less than 12.1% of pensionable compensation (i.e., Tier III employees pay the greater of 12.1% 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 PEPPRA 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) for a total employee contribution that is no less than 13.6% of pensionable compensation (i.e., Tier III employees pay the greater of 13.6% or 50% of the “total normal cost”).

If in future fiscal years the member contribution rate for safety employees in Tier III shall become greater or less, as determined by CalPERS valuations, the additional contribution made by the employee under Government Code section 20516(f) will be increased or decreased accordingly so that the total employee contribution equals 13.6% of pensionable compensation. Provided however, that the employee contribution shall never fall below the statutorily required contribution.

Effective the pay period that includes January 1, 2023, the CalPERS retirement contributions for the Assistant Chief of Lifeguard Operations classification shall be as noted above and shall not be tied to the retirement contributions required by members of the Lifeguard Management Association. Effective the pay period that includes January 1, 2026, the CalPERS retirement contributions for the Assistant Chief of Lifeguard Operations classification shall be

tied to the retirement contributions required by members of the Lifeguard Management Association. If there are future changes to those employee retirement contributions, as set forth in a council-approved MOU or side letter, the same changes shall be made for the Assistant Chief of Lifeguard Operations.”

Section 4. Except as expressly modified herein, all other terms and provisions set forth in the Plan shall remain unchanged and shall be in full force and effect.