

**SECOND 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;

WHEREAS, given increases in the cost of medical insurance and to aid in the recruitment and retention of valuable employees, the City Council wishes to 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:

1. Section C.1.b., Retirement Benefits, PERS, Employee Contributions, Non Safety, of the Plan is amended to 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 2024. Accordingly, effective the pay period that includes January 1, 2025, 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 2024. Accordingly, effective the pay period that includes January 1, 2025, 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 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 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 2024. Accordingly, effective the pay period that includes January 1, 2025, 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% 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 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.

Safety:

A. Assistant Police Chief

An Assistant Police Chief's employee contribution 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 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 2024. Accordingly, effective the pay period that includes January 1, 2025, 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 3 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 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 13.1% 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 2024. Accordingly, effective the pay period that includes January 1, 2025, 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 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 the Assistant Police Chief classification 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, 2025, the CalPERS retirement contributions for the Assistant Police Chief classification 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, the same changes shall be made for the Assistant Police Chief.

B. Assistant Fire Chief

An Assistant Fire Chief’s employee contribution 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 4.5% 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 2024. Accordingly, effective the pay period that includes January 1, 2025, 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 3 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 2024. Accordingly, effective the pay period that includes January 1, 2025, 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 the Assistant Fire Chief classification 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, 2025, the CalPERS retirement contributions for the Assistant Fire Chief classification 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, the same changes shall be made for the Assistant Fire Chief.

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 2024. Accordingly, effective the pay period that includes January 1, 2025, 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 3 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 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 12.1% 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 2024. Accordingly, effective the pay period that includes January 1, 2025, 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 13.6% 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, 2025, 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, the same changes shall be made for the Assistant Chief of Lifeguard Operations.

2. 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.