

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

This Side Letter of Agreement ("Agreement") is made and entered into this 23rd day of September 2025, by and between the City of Newport Beach ("City") and the Newport Beach City Employees Association ("Association") (collectively "Parties") with respect to the following:

**WHEREAS**, the current Memorandum of Understanding ("MOU") between the Parties has a term of January 1, 2022, through December 31, 2025;

**WHEREAS**, the Parties are currently engaged in ongoing negotiations over a successor MOU;

**WHEREAS**, the Parties reached a Tentative Agreement ("TA") to reduce the employee contributions to CalPERS for retirement benefits provided in MOU Section 4.D.2 (Employee Contributions);

**WHEREAS**, the Parties now wish to amend MOU Section 4.D.2 and implement the reduced employee contributions to CalPERS before the current MOU expires;

**WHEREAS**, the Parties will continue negotiations over the successor MOU; and

**WHEREAS**, this Agreement will not have the effect of an agreement, and will not be binding on either Party, until it is approved by the City Council.

**NOW, THEREFORE**, it is mutually agreed between the Parties to amend MOU Section 4.D.2 as set forth below. 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.

**SECTION 4. FRINGE BENEFITS**

**D. Retirement Benefit**

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 depending on their tier, 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).

Tier I Employees - shall contribute a total employee contribution of eight percent (8%) (member contribution).

Tier II Employees - shall contribute a total employee contribution of eight percent (8%) as follows: seven percent (7%) of compensation earnable (member contribution) and one percent (1%) 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), such that the total employee contribution equals no less than eight percent (8%) of pensionable compensation (i.e., the greater of 8% of pensionable compensation 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).

**Signatures on the next page**

Executed this 23rd day of September 2025


FOR THE NEWPORT BEACH CITY EMPLOYEES ASSOCIATION:

BY:   
Mariah Stinson, NBCEA President


FOR THE CITY OF NEWPORT BEACH:

BY:   
Joe Stapleton, Mayor of Newport Beach

CITY OF NEWPORT BEACH  
APPROVED AS TO FORM:

BY:   
Aaron C. Harp, City Attorney

ATTEST:

for   
BY: Molly McLaughlin Perry,  
Interim City Clerk

