

**CITY OF SAN MATEO
RESOLUTION NO. 2 (2026)**

**APPROVING AMENDMENTS TO THE MEMORANDUM OF UNDERSTANDING BETWEEN THE
CITY OF SAN MATEO AND THE SAN MATEO MANAGEMENT EMPLOYEES' ASSOCIATION**

WHEREAS, the San Mateo Management Employees' Association's ("SMMEA") Memorandum of Understanding ("MOU") for the Association expires on April 22, 2028; and

WHEREAS, the amendments are related to changes in the conversion of separation pay arrangements regarding Section 26.5 Retirement Health Savings Account of the MOU for calendar year 2026; and

WHEREAS, the City and SMMEA have met and conferred, and have signed a side letter of agreement to amend the Unit's MOU.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SAN MATEO, CALIFORNIA, HEREBY RESOLVES that:

1. The amendments to the MOU for the SMMEA, as set forth in the side letter of agreement attached as Exhibit A, pertain to employee separations (service or disability retirement) from the City occurring between January 1, 2026 and December 31, 2026 and are approved and shall be handled as follows:
 - a. For employees with 41 years or less of merit service credit, all eligible leave balances and eligible sick leave balances shall be contributed to the employee's RHSA.
 - b. For employees with more than 41 years of merit service credit, 100% of all eligible accrued sick leave balances shall be contributed to the employee's RHSA. All other eligible leave balances shall be paid the straight time salary equivalent for all accrued leave earned.
 - c. At the time of non-retirement separation from City merit employment, employees shall contribute no accrued leave to his/her RHSA.
2. The recommended changes for the MOU do not have a quantifiable fiscal impact.
3. This side letter of agreement is not a project subject to CEQA, because it is a government fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. (CEQA Guidelines Section 15378(b)(4).)

RESOLUTION NO. 2 (2026) adopted by the City Council of the City of San Mateo, California, at a regular meeting held on January 12, 2026, by the following vote of the City Council:

AYES: Council Members Loraine, Fernandez, Cwirko-Godycki, Diaz Nash, and Newsom
NOES: None
ABSENT: None

ATTEST:


Martin McTaggart, City Clerk




Adam Loraine, Mayor

Side Letter of Agreement

Between the San Mateo Management Employees Association and the City of San Mateo

The Memorandum of Understanding (MOU) between the San Mateo Management Employees Association ("Association") and the City of San Mateo ("City") is set to expire as of 11:59 p.m., April 22, 2028.

MOU Section 26.5 Retirement Health Savings Account states that the Association may elect to change the conversion of separation pay arrangement for each successive calendar year of the Agreement.

The Association has elected to change the conversion of separation pay arrangement for calendar year 2026. All employee separations occurring between January 1, 2026 and December 31, 2026 shall be handled in the following manner:

- At the time of service or disability retirement from City merit employment, separation pay arrangements shall be as follows:
 - For employees with 41 years or less of merit service credit, all eligible leave balances and eligible sick leave balances shall be contributed to the employee's RHSA
 - For employees with more than 41 years of merit service credit, 100% of all eligible accrued sick leave balances shall be contributed to the employee's RHSA. All other eligible leave balances shall be paid the straight time salary equivalent for all accrued leave earned.
- At the time of non-retirement separation from City merit employment, employees shall contribute no accrued leave to his/her RHSA.

For purposes of this Side Letter of Agreement, "eligible sick leave balances" is defined as fifty (50%) of an employee's accrued sick leave up to a maximum of four hundred eighty (480) hours payment. And all other "eligible leave balances" includes vacation, executive, holiday and compensation time.

The Association may elect to change the above conversion of separation pay arrangement for each successive calendar year of this Agreement. The Association must notify the City's Human Resources Department in writing no later than November 30th of the change(s) to be made for the following calendar year. In the event notification is not received by the deadline, the separation pay arrangement in effect at the time will continue for the following calendar year.

During the term of this MOU, employees in this bargaining unit may elect to contribute a set amount of salary to the RHSA. The City shall be notified of any such election sixty (60) days prior to the effective date.

FOR THE SMMEA

By: Kevin Kobayashi Date: 12/4/2025
Kevin Kobayashi
President

FOR THE CITY OF SAN MATEO

By: Aracelia Esparza Date: 12/4/2025
Aracelia Esparza
Human Resources Director