

RESOLUTION NO. 13309

A RESOLUTION OF THE CITY OF CAMPBELL CITY COUNCIL AMENDING COMPENSATION AND WORKING CONDITIONS FOR CLASSIFIED NON- MANAGEMENT EMPLOYEES REPRESENTED BY THE CAMPBELL MUNICIPAL EMPLOYEES ASSOCIATION (CMEA)

WHEREAS, the Campbell Municipal Employees Association (CMEA) is a recognized employee organization representing employees; and

WHEREAS, the City of Campbell (City) City Council retains sole authority to enter into a Memorandum of Understanding (MOU) with recognized employee organizations representing employees; and

WHEREAS, the City is currently operating pursuant to a 3-year MOU with CMEA, dated August 16, 2022, that expires on June 30, 2025; and

WHEREAS, in the fall of 2024, in anticipation of a budget deficit for Fiscal Year 2025/2026, the City included on the local ballot a general half-cent sales tax known as "Measure K" which Campbell voters passed on November 5, 2024; and

WHEREAS, on January 6, 2025, before the City and CMEA could formally enter into negotiations regarding terms and conditions of employment, the Silicon Valley Taxpayers' Association and David H. Wolen (together, "SVTA") filed a lawsuit against the City challenging the validity of Measure K; and

WHEREAS, as a result of the lawsuit, the tax revenue scheduled to be collected beginning in April 2025 was required to be held in an escrow account pending the outcome of the lawsuit; and, the City is not able to access the tax revenue unless and until said lawsuit is resolved in the City's favor; and

WHEREAS, as of March 2025, the City was forecasted to face a budget deficit in Fiscal Year 2025/2026 of \$3.23 million; and

WHEREAS, the City and CMEA have since met and conferred in good faith and worked together to ensure the City does not increase its budget deficit, remains fiscally responsible, and attempted to preserve permanent full-time positions; and

WHEREAS, on June 3, 2025, the City and CMEA reached a tentative agreement by way of a Side Letter Agreement providing as follows:

- The term of the current MOU between the City and CMEA shall be extended from June 30, 2025 to June 30, 2026.
- Should the above-referenced lawsuit resolve in the City's favor during the term of the extension, resulting in the release of the escrow funds to the City, the parties would commence successor MOU negotiations in accordance with State law.
- Effective January 1, 2026, the monthly Cafeteria Plan Allowance will be set at the Kaiser Permanente Region 1 rates for 2026 at the employee's selected level of

coverage unless the 2026 rates are eight percent (8%) higher than the City's 2025 contribution. If the year-over-year rate increase exceeds 8% of the City's 2025 contribution, the City's Cafeteria Plan Allowance shall be eight percent (8%) higher than the 2025 contribution. Employees who select a plan with rates higher than the City's Allowance will be required to make up the difference through salary redirection.

- Meet and confer discussions regarding increases to employee compensation during or following the extension of the respective MOUs may include a proposal that said increases would be retroactive to July 1, 2025.
- Should the above-referenced lawsuit not result in the release of the escrow funds during the term of the extension, the parties would meet to discuss the extension prior to its expiration; and

WHEREAS, the City has satisfied its obligation under Government Code Section 3500, et. seq., and the City's Employer-Employee Relations resolution 10016 to meet and confer over the terms and conditions of employment contained in the recommended Side Letter Agreement with CMEA; and

WHEREAS, the Side Letter Agreement with CMEA has been approved and executed by the authorized representatives of CMEA and City Council representatives; and

WHEREAS, the City Council desires to ratify and adopt the provisions included in the Side Letter Agreement with CMEA.

NOW, THEREFORE, BE IT RESOLVED, that the City of Campbell City Council does hereby approve and ratify the Side Letter Agreement between the City and CMEA, attached hereto as **Attachment A**.

BE IT FURTHER RESOLVED, the City Manager and his delegates have the authority to take any necessary administrative actions to implement the provisions of this resolution.

PASSED AND ADOPTED this 17th day of June, 2025, by the following roll call vote:

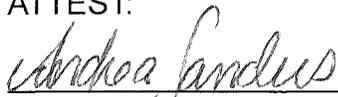
AYES: Councilmembers: Bybee, Hines, Scozzola, Furtado, Lopez
NOES: Councilmembers: None
ABSENT: Councilmembers: None

APPROVED:



Sergio Lopez, Mayor

ATTEST:



Andrea Sanders, City Clerk

Side Letter Agreement
Between
City of Campbell
And
Campbell Municipal Employees Association

This Side Letter Agreement (Side Letter) between the City of Campbell (City) and the Campbell Municipal Employees Association (CMEA), collectively referred to as “Parties,” is hereby entered into with respect to the following:

WHEREAS, the August 16, 2022 “Memorandum of Understanding on Wages, Employee Benefits, Hours and Other Terms and Conditions of Employment” (MOU) between the Parties will expire on June 30, 2025; and

WHEREAS, a lawsuit has been filed against the City challenging the validity of the City's Measure K; and

WHEREAS, as a consequence of said lawsuit, the tax revenue being collected beginning April 2025 will be held in an escrow account pending the outcome of the lawsuit; and

WHEREAS, the City is not able to access the tax revenue until said lawsuit is resolved in the City's favor; and

WHEREAS, the City is forecasted to face a budget deficit in Fiscal Year 2025 / 2026;

NOW THEREFORE, the Parties have met and conferred in good faith and agree to the following:

1. The term of the MOU is extended from June 30, 2025 to June 30, 2026.
2. Should the above-referenced lawsuit resolve in the City’s favor during the term of the extension, resulting in the release of the escrow funds to the City, the Parties will commence successor MOU negotiations in accordance with State law. The Parties agree to meet to commence said successor negotiations within fourteen (14) calendar days of the escrow funds being released to the City.
3. Absent negotiated changes to the MOU pursuant to paragraph two above, the terms and conditions in the MOU will remain status quo for the duration of the extension, with the exception of those benefits provided for in Section III.B.2 of the MOU entitled “Cafeteria Plan Allowance.”

4. With regard to the benefits provided for in Section III.B.2 of the MOU, the Parties agree that effective January 1, 2026, the monthly Cafeteria Plan Allowance will be set at the Kaiser Permanente Region 1 rates for 2026 at the employee's selected level of coverage unless the 2026 rates are eight percent (8%) higher than the City's 2025 contribution. If the year-over-year rate increase exceeds 8% of the City's 2025 contribution, the City's Cafeteria Plan Allowance shall be eight percent (8%) higher than the 2025 contribution. Employees who select a plan with rates higher than the City's Allowance will be required to make up the difference through salary redirection.
5. The Parties understand that meet and confer discussions regarding increases to employee compensation during or following the extension of the MOU may include a proposal that said increases will be retroactive to July 1, 2025.
6. Should the above-referenced lawsuit not result in release of the escrow funds during the term of the extension, the Parties will meet to discuss the extension no later than May 11, 2026.
7. This Side Letter is subject to CMEA ratification and subsequent approval by the City Council.

FOR THE CITY OF CAMPBELL

Brian Loventhal, City Manager

6/17/25

Date

FOR Campbell Municipal Employees Association (CMEA)

Reina Antonio

Digitaly signed by Reina Antonio
 DN: cn=Reina Antonio, o=City of Campbell, ou=CMEA, email=Reina.Antonio@campbellca.gov
 Reason: I am the issuer and signing of this document
 Date: 2025.06.05 09:17:57-07'32

President of CMEA

June 5, 2025

Date