

Employee Compensation Packages

During FY 2005-06, two of the City's five bargaining units were operating under new multi-year labor contracts. These agreements are with the Modesto Police Officers Association and the Modesto Police Management Association and are for four-year terms. A third bargaining unit, represented by the Modesto Fire Fighters Association, was operating under a two-year extension to their previous contract.

The City was not successful in reaching negotiated agreements with the two remaining bargain units, represented by the Modesto City Employees Association and the Modesto Confidential and Management Association. Negotiations with both of these groups went to impasse, with the City Council implementing the City's last, best and final offers early in FY 2005-06. The City has since reached agreements with these bargaining groups for FY 2006-07.

Across-the-board salary increases for all five units for FY 2005-06 and FY 2006-07 range from 2½% - 3½% for each fiscal year.

Issues related to employee health coverage continue to be key economic issues. Employees' out-of-pocket premium costs for family HMO health coverage in FY 2005-06 have ranged from \$157/month to \$443/month, depending on plan and bargaining unit. Employee out-of-pocket costs for FY 2006-07 could continue to be in the \$230/month to \$450/month range for some bargaining units.

Directly tied to the City's contributions to active employees' health coverage are the costs associated with retiree health coverage. Based on conversion of accumulated sick leave at retirement, most employees can convert sick leave to City-paid health contributions into retirement. The significant unfunded liability associated with this retiree health benefit is being re-examined, as is the potential to negotiate cost effective alternatives to the current program.