



City of  
**Los Banos**  
*At the Crossroads of California*

520 J STREET LOS BANOS, CA 93635  
TELEPHONE (209) 827-7000 FAX (209) 827-7010

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**Contact:** *Lucy Mallonee*  
*Human Resources Director*  
*(209) 827-7000 ext. 112*

**City, Fire Fighters Association Reach Deal  
On Compensation and Benefits**

***Continued Budget Cuts Force Cutbacks***

**LOS BANOS** – The City of Los Banos and the Los Banos Fire Fighters Association have reached an agreement on a new Memorandum of Understanding (MOU) that will reduce Fire Department pay by 11.5 percent, through January 31, 2011. This 11.5 percent includes 9 percent of salary contribution toward the employee-paid member contribution of the employee's CalPERS pension, and a 2.5 percent of salary contribution toward the cost of the employee's health plan. Because of the successful agreement, there are no plans currently to further reduce Fire Fighter staffing.

The City and the Fire Fighters Association have been meeting since January 2010. During that time, both the City and the Association provided comprehensive proposals and counter proposals. The current Fire Fighters Association MOU expired on January 31, 2010.

"We are pleased that both sides of this sensitive issue have come together in creating a package that keeps Fire Fighters employed and helps lessen the impact on the City's dwindling budget," said City Manager Steve Rath. "The new MOU pay reduction is comparable to those negotiated in other local jurisdictions and will help keep essential City services going through the end of the year."

While cities throughout the San Joaquin Valley are affected by the recession, the City of Los Banos has been especially hard hit. The City's largest source of income – property tax revenue – has dropped by more than 78 percent. Sales tax is down over 30 percent, and commercial property tax is expected to

be down after a valuation review is completed by the County's Assessor's Office. Unemployment continues to hover at over 22 percent and business closures are occurring on a regular basis, including the closure of two out of three car dealerships in the City.

The decline in tax revenue already has impacted the City's fire services. Layoffs and budget cuts occurred in early 2009 and the 2009-2010 fiscal budget also was impacted. The Fire Department is operating in a deficit even with the Measure P/A public safety funding.

Besides the plummeting tax revenue, rising retiree medical costs and continued increases in the cost of employee benefits and energy costs have added to the deficit.

In an effort to bridge a part of the gap, the City Manager and Department Managers began paying the employee-paid member contribution toward their CalPERS pension more than a year ago. A large portion of this savings went directly into the General Fund and has helped finance the cost of public safety salary and benefits.

While the salary reduction is key in the new MOU, the agreement also offers Fire Fighters additional benefits including a new work schedule and holiday in lieu pay. Additionally, employees will receive improved dental and vision coverage at the current cost.

"No one could have anticipated the significant decline in tax revenues we are experiencing and the significant impact it has had on our City's budget and the ability to provide services," Rath said. "I am proud that our Fire Fighters Association is in sync with the big picture of what we are facing. This MOU helps Fire Fighters stay on the job and will help the budget, as well."

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