



City of Los Banos

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City Council Unilaterally Passes Police Compensation Package

No Officer Jobs Lost as Result of Deal

LOS BANOS – The Los Banos City Council last night voted to unilaterally implement its last, best and final compensation package presented to the Los Banos Police Officers Association (LBPOA) after months of negotiations failed to bring both sides to an agreement. The new four-month package will reduce police take-home pay by 11.5 percent and will be in effect until a new agreement is negotiated for the 2010-2011 fiscal year.

The City and the LBPOA have met eight times since January 2010. During that time, the City provided the LBPOA with seven comprehensive proposals; the LBPOA countered with five. The current Memorandum of Understanding (MOU) expired January 31, 2010.

“The City is experiencing a long term economic downturn of historic proportions and the Council acted in a fiscally responsible way by implementing this unilateral action,” said City Manager Steve Rath. “If we allowed the drawn-out process to continue, our budget would wear thin and more drastic cost cutting measures would be required.”

The City Council last week reached an agreement with the Fire Fighters Association, which agreed to an 11.5 percent pay reduction. Both the fire and police compensation packages are comparable to those negotiated in other local areas. The packages will allow the City to keep essential citizen core services functioning.

At last night’s special meeting, the City Council also approved several measures affecting non-represented employees, excluding Police Sergeants, Community Service Officers and Dispatchers. Employees will now pay eight percent of their salaries to their Cal PERS retirement fund benefit Member Contribution. They will also pay 2.5 percent of their salaries to fund a cafeteria plan, which provides tax relief for certain types of expenditures, including dental, vision and health care premiums. In addition, all salaries will be frozen effective July 1, 2010.

The City of Los Banos continues to be one of the hardest hit areas in the economic recession. The City's largest source of income – property tax revenue – has dropped in excess of 80 percent. Sales tax is down more than 30 percent, and commercial property tax is expected to be down after a valuation review is completed by the Merced County Assessor's Office. Unemployment now is also at our all time high exceeding 22 percent and business closures are happening on a regular basis.

Besides the plummeting tax revenue, continued increases are being experienced in the cost of employee benefits and energy which are adding to the deficit.

The City's income decline already has impacted police services. Layoffs and budget cuts occurred in early 2009 and the 2009-2010 fiscal budget also was impacted. The Police Department currently operates in a deficit that will rise to more than \$1.3 million over the next two fiscal years even with the Measure P/A public safety funding.

To help narrow that gap, the City Manager, Department Heads and Assistant Department Heads began paying their CalPERS pension employer-paid member contribution more than a year ago. A large portion of these savings went directly into the General Fund to help finance the cost of police officer salary and benefits.

While the salary reduction is key in the new package, it also offers police officers additional benefits: a work schedule will be adopted, holiday hours will be increased, and disciplinary appeal rights will be strengthened. Additionally, employees and families will receive improved dental and vision coverage.

“As the recession goes on, we still have a long way to go,” Rath continued. “But with a continued emphasis on strong fiscal management, and with City employees working as a team and realizing that we're all in this together, we will be better able to manage the City through these extremely tough economic times.”

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