



## News from: Office of the City Administrator

### FOR IMMEDIATE RELEASE

February 23, 2012

#### City of Oakland Minimizes Job Losses Following Adoption of Amended Budget to Close \$28 Million Deficit from Elimination of Redevelopment *Essential Services Preserved, Layoffs Minimized through Redeployment*

*Oakland, CA* — Yesterday marked the last day of employment with the City of Oakland for about 21 employees whose jobs were eliminated as part of the City's effort to close a \$28 million budget gap created by the elimination of Redevelopment Agencies statewide on February 1, 2012. A total of 129 positions were cut from departments citywide.

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The Amended Policy Budget for Fiscal Year 2011-13 was adopted by the City Council on January 31. During passage of the Amended Budget, the City Council voted to delay the layoffs for 10 business days, resulting in an effective layoff date of February 22.

The Amended Budget closed a \$28 million budget gap through significant organizational restructuring into a flatter, more traditional structure which included consolidating departments, merging functional services where a natural nexus exists, and centralizing services for efficiency. The Amended Budget minimizes service disruptions while reducing duplication of effort, developing consistency in administrative functions, enhancing efficiencies, and saving money.

As a result of the restructuring, as well as an extensive effort to redeploy as many employees to other jobs as possible, the total number of employees who were laid off yesterday was lower than earlier projections. In total, the budget reductions and reorganization resulted in the elimination of 129 positions in the following categories:

21	Layoffs (employees' last day was February 22)
37	Lateral reassignments (bumping)
26	Reverted or redeployed to lower positions
1	Retired
8	Delayed layoffs
30	Vacant positions eliminated
6	<u>Vacant positions frozen</u>
<b>129</b>	<b>Total Positions Cut</b>

In addition to the 129 positions cut, more than 500 positions throughout the City were affected by the layoffs and reorganizations. This clearly impacts staff capacity and services that the City can provide, but the Amended Policy Budget maximized services to the community and minimized total job loss.

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Over the past 10 years, the City has eliminated approximately 1,000 Full-Time Equivalents (FTEs), a reduction of about 22 percent of the workforce. The City's workforce now stands at approximately 3,600 FTEs.

## **Loss of Redevelopment Funds Created \$28 million Gap**

For the City of Oakland, the loss of Redevelopment funding created a potential budget gap of about \$28 million – approximately \$8.2 million in FY 2011-12 (February-June 2012) and approximately \$20.3 million in FY 2012-13.

“I want to thank City Council for making some tough decisions under a very tight time constraint,” said Mayor Jean Quan. “The Court’s decision required accomplishing what normally is an eight-month budget process in just a month. We made deep cuts by reorganizing the entire City to balance the budget, and we were able to retain important services that our residents rely on.”

City Administrator Deanna J. Santana said, “We were able to merge departments and functions in a manner that covered administration costs while preserving public safety and quality of life services.” While implementation of the Amended Budget will begin immediately, specific changes to service delivery will take effect over the coming weeks and months.

## **Essential Services Preserved**

The Adopted Amended Policy Budget preserves essential services by streamlining and consolidating functions and reorganizing into more traditional local government organizational structures. Below are highlights of the services that are preserved or reconfigured:

- **Library services preserved** in whole. No branches closed and no service hours impacted.
- **Human Services preserved** in whole.
- **Public Safety services preserved** in both Police and Fire.

## **Community & Economic Development Agency (CEDA) Dissolved**

Functions previously performed by CEDA staff are either no longer completed by the City, or decentralized to one of four new offices:

- Consolidated the Planning Division and Building Services Division into an **Office of Planning, Building & Neighborhood Preservation**, which better reflects the mission and goals of these services.
- Converted CEDA Housing Services into an **Office of Housing & Community Development**, which will provide primary staff support for Housing Successor Agency activities.

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- Established a **new Office of Economic & Workforce Development** to ensure that the City's economic development priority has adequate resources and is focused on business relations, retention, attraction, and development. This newly formed office will be positioned to grow as legislative activity emerges that supports economic development in light of the dissolution of redevelopment.
- Established a **new Office of Neighborhood Investment** to transition from a Redevelopment Agency to a functional unit focused on implementing qualifying projects outlined in the Enforceable Obligation Payment Schedule (EOPS) and to support Successor Agency activities as detailed in the EOPS report.

## **Reconfigured Organizational Structures for Greater Efficiencies**

Elimination of Redevelopment funds, which was a significant source of funding for City operations and programs, presented an opportunity for the organization to retool itself through practical reorganizations, department consolidations and merging functional services where a natural nexus exists. It was through this process that the Administration was able to minimize service reductions and preserve positions to support those services.

- **Decentralize and reconfigure the Parking Division** to more closely align its individual operating units with competencies in various departments.
- **Consolidate Risk Management and Benefits** under the Department of Human Resources Management, and **transfer Retirement to Treasury**.
- **Consolidate certain administrative functions in OFD and OPD** to promote efficiencies in public safety administration.
- **Reorganize the City Administrator's Office** to assume the administrative responsibilities of the Successor Agency, and to formally establish the traditional leadership areas needed to manage a large enterprise of our size: budget/fiscal management; operations; and labor/employee relations.
- In FY 2012-13, **consolidate key administrative functions** in the Finance & Management Agency, Department of Human Resources Management, Department of Information Technology, and the City Administrator's Office into a traditional **Administrative Services Department**. This will reduce duplication of effort that currently exists in the City, develop consistency in administrative functions, and lead to efficiencies and financial savings.
- In FY 2012-2013, consolidate the Office of Parks & Recreation and Department of Human Services, along with other like services such as the Neighborhood Services Division, to create a **new Community Services Department** entirely focused on direct service to residents.

## Other Budget Reductions

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The FY 2011-13 Adopted Amended Budget eliminated functions, positions and non-position expenses across most City agencies and departments. The reductions are across many City funds, not just the General Purpose Fund.

- **City Administrator:** Reductions made in Administration, KTOP, CPRB and the Oaklanders' Assistance Center.
- **City Clerk:** Eliminated one vacant administrative position.
- **City Attorney:** Transferred positions to align the distribution of staff with the services they actually provide. In addition, certain staff costs were transferred to the Successor Agency as part of the project staff required to complete Enforceable Obligations.
- **Finance & Management:** The Agency Director position was frozen in coordination with the consolidation efforts of the Administrative Services Agency. Many of the duties previously performed by CEDA administration will be absorbed in a more centralized payroll, accounting, and budget role. The Parking Director position was eliminated and replaced with an Administrative Services Manager, who will manage Parking Enforcement. Parking Enforcement will be transferred to OPD.
- **Information Technology:** As part of the Administrative Services Agency consolidation, the Director of IT position was frozen. Transferred 1.3 FTEs to other funds and reclassified some positions. No positions were reduced other than the Director.
- **Human Resources:** One Human Resources Manager position was eliminated. Full funding was provided for the Equal Access language and interpretation contract. A small amount of funding was also added for staff training and support.
- **Police & Fire Services:** Sworn positions and essential public safety functions were preserved, in line with the Mayor and Council goals. However, to reduce costs and increase efficiency, some administrative positions were consolidated and reduced. The Neighborhood Services Coordinators are proposed to move to the new Community Services Department as part of the consolidation of the Office of Parks & Recreation and Department of Human Services, effective July 1, 2012.
- **Human Services:** Reclassified positions, eliminated Youth Commission staffing, and reduced administrative support. All Community Housing staff remains until at least July 1, 2012, at which time the program funding structure will be evaluated and any proposed changes will be presented to Council. The Department Director position will be eliminated in FY 2012-13.

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- **Parks & Recreation:** Essential Parks & Recreation programs and services were preserved. To balance the budget, positions were eliminated by adjusting Recreation Center hours and reprogramming San Antonio Recreation Center. An annual subsidy for the Jack London Aquatic Center was eliminated. The Department Director position will be eliminated in FY 2012-13.
- **Public Works:** Staff was reduced across several different funds, including the elimination of the 7 FTEs previously funded by redevelopment, as well as Administration, Facilities and Equipment. The reductions will cause the shift for illegal dumping to be reduced from 7 days/week to 6 days/week. Response times to service calls for illegal dumping could increase from 3 business days to 4-5 business days. The freezing of vacant positions in the Equipment Fund may cause slower vehicle turn-around.

## Background

On December 29, 2011, the California Supreme Court upheld two bills that were part of the State of California's efforts to close its significant budget deficit last year. In its ruling, the Court upheld ABx126, which eliminated Redevelopment Agencies throughout California. It also struck down ABx127, which would have allowed redevelopment agencies to remain in operation as long as they made payment to the State. The Court's ruling set February 1, 2012, as the dissolution date for Redevelopment Agencies, and left no mechanism for reinstatement.

These are unprecedented circumstances. Like many California cities, the City of Oakland had anticipated the possibility that the Court would uphold the bill eliminating Redevelopment Agencies, and had put aside funds accordingly to pay the State to remain in operation. Yet the Court's decision to strike down the option to pay took cities across the state by surprise. As a result, California cities were faced with the Herculean task of dismantling complex Redevelopment Agencies in just under five-weeks' time, an unreasonable yet unavoidable timeline.

In Oakland, the elimination of Redevelopment will have a devastating impact on the entire City. Geographically about half of Oakland was located in a Redevelopment area, so those funds had been used to support staff, projects and programs throughout the City organization.

Redevelopment was the only tool that Oakland—like other urban centers in California—could use to turn vacant and underutilized properties into productive, tax revenue-generating and job-producing use. It has also served as a catalyst for private investment to breathe life into areas burdened with deteriorated buildings, environmental contamination and aging infrastructure that would otherwise lay vacant and nonproductive.