



City of  
**OAKLAND**  
California

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## News from: Office of the City Administrator

### FOR IMMEDIATE RELEASE

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## City of Oakland Addresses Impacts Related to Elimination of Redevelopment Agencies Statewide *Hundreds of City Positions Affected; Layoff Notices to be Issued Next Week to Comply with February 1 Deadline*

Oakland, CA — The California Supreme Court's December 29 decision regarding the elimination of Redevelopment Agencies statewide set February 1, 2012 as the dissolution date for Redevelopment Agencies. This decision will have a devastating impact on the City of Oakland. This court decision not only affects the Community and Economic Development Agency, which is primarily charged with carrying out our Redevelopment activities, it affects the entire City.

Redevelopment is the only tool that Oakland—like other urban centers in California—can 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. As such, Redevelopment funds have been used to support staff, projects, and programs throughout the City organization.

As shown in the chart below, Redevelopment revenue funds 159 Full-Time Equivalent (FTE) positions throughout most City agencies/departments; however, since many staff are only partially funded by Redevelopment money, the elimination of this funding source actually impacts many more positions throughout the City.

Department	Expense		FTE	
	FY 11-12	FY 12-13	FY 11-12	FY 12-13
Mayor	547,723	554,516	2.00	2.00
City Council	1,580,653	1,609,091	9.76	9.76
City Administrator	1,570,649	1,611,392	11.84	11.84
City Attorney	2,857,645	2,981,021	14.85	14.85
City Clerk	439,603	458,727	3.50	3.50
Office of Communication and Information Services	35,046	35,896	0.33	0.33
Finance and Management Agency	841,071	861,425	6.20	6.20
Police Services Agency	3,423,518	3,482,040	17.18	17.18
Department of Human Services	534,734	538,450	3.57	3.52
Public Works Agency	751,118	768,651	7.00	7.00
Community and Economic Development Agency*	13,735,862	13,944,680	83.03	83.03
<b>Grand Total:</b>	<b>\$26,327,622</b>	<b>\$26,845,889</b>	<b>159.26</b>	<b>159.21</b>

\* \$3.7M is Housing (Low-Mid); \$5.9M is Redevelopment; \$4.1M is other CEDA (Real Estate, Marketing, Econ Dev, etc.)

Source: Oakland Redevelopment Agency FY 2011-13 Adopted Budget

The loss of Redevelopment funding creates a potential annual budget gap ranging from \$25-30 million, although the exact size of the deficit has not yet been fully determined (due to many unknown/undetermined impacts related to implementing the Court decision).

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Up until the end of December, the budget for this fiscal year and next were balanced, largely as a result of the significant employee concessions that were voluntarily agreed to last June, and by \$5 million in one-time revenue from the sale of the Henry J. Kaiser Convention Center. However, unless there is an extension passed by the State Legislature, the elimination of Redevelopment funds creates an immediate deficit in the current year budget which must be corrected by February 1, 2012. Although there is no certainty of passage, a group of State representatives are working on a bill to extend the effective date of the elimination of redevelopment agencies. This proposed legislation could be heard in committee as early as this Friday, but it would not reach the floors of the Assembly or Senate until next week at the earliest.

It is clear that the only responsible approach is to assume that Redevelopment funds will be eliminated on February 1 and proceed accordingly, with the understanding that if State legislation extends the deadline, the City will revise its timeline accordingly.

In order to meet the February 1 deadline, between January 20 and 23, the Mayor and City Administrator will submit a budget-balancing proposal to the City Council, to be considered during a special Council meeting on January 25 at 5:30 pm. As a result of this compressed schedule, and to comply with the timeline required to implement any layoffs and ensure a balanced budget by February 1, the City will be required to issue layoff notices by Wednesday, January 18. It is anticipated that the notices will be broadly issued in order to provide the City Council with the broadest possible flexibility in making what will surely be a difficult decision-making process with very little time to deliberate.

This week, several immediate cost-containment measures have been put in place to ensure prudent financial management during this critical time, including the following:

- Effective Monday, January 9, the City Administrator placed a moratorium on hiring City employees and in procuring non-essential purchases across all funds.
- Every City agency and department was asked to submit proposals to reduce their budgets by 5%, due Friday, January 13.
- The City Administrator is seeking employee input on cost-saving or revenue-generating ideas through a confidential on-line survey.
- The City Administrator sought authorization from the City Council to request every bargaining group in the City to re-open their contracts.

In a letter to City employees today, City Administrator Deanna J. Santana said that she recognizes the stress and confusion that this places on the organization; however, without an action on the part of the State Legislature, the City must ensure compliance with the Supreme Court decision and achieve a balanced budget.

She also noted that even though employees may receive a layoff notice, it does not mean that every individual receiving a notice will be laid off. The City is continuing to review its options, but this action is required to meet minimum legal notification requirements.

Many unanswered questions remain regarding the status of projects in Oakland that were funded by Redevelopment funds. City leaders are working around the clock to determine the impact of the Court's decision on these projects and will release more information as it becomes available.

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