



City of  
**OAKLAND**  
California

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## News from: Office of the City Administrator

### FOR IMMEDIATE RELEASE

January 18, 2012

## City Issues 2,500 Layoff Notices to Comply with February 1 Supreme Court Deadline to Dissolve Redevelopment Agencies Statewide

Oakland, CA — The California Supreme Court's ruling regarding the elimination of Redevelopment Agencies statewide set February 1, 2012 as the dissolution date for Redevelopment Agencies. To comply with the timeline required to implement any layoffs and ensure a balanced budget by February 1, today the City of Oakland issued layoff notices to 1,464 full-time and more than 1,000 part-time/temporary employees. Nearly 2,500 employees working in departments throughout the City received notices. The City has approximately 3,021 regular employees (permanent and permanent part-time, including sworn Police and Fire) and 2,061 as-needed temporary part-time employees.

The action was required in order to provide employees with the required 10-day notice in the event that their positions are eliminated as part of the budget-balancing decisions to be passed by the City Council on January 31, in compliance with the February 1 deadline to eliminate redevelopment agencies.

Although not every employee who receives a layoff notice will actually be laid off, the notices were issued widely across City agencies and departments 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 entire situation is regrettable and is forcing us to act out of sequence, without the usual and necessary community and workforce engagement that typically accompanies budget decisions, especially decisions of this magnitude,” said City Administrator Deanna J. Santana. “I recognize the stress and anxiety that this places on the organization and our employees, who are our greatest asset, and who have made significant sacrifices to balance the budget nine times over the past three years. 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 by February 1.”

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. However, the elimination of Redevelopment funds creates an immediate deficit in the current year budget which must be corrected by February 1, 2012.

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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## Exemptions

Layoff notices are being sent via certified mail and delivered in person whenever possible to all non-sworn City employees, except a small few who are required by City Charter or specific operational necessity. Sworn Police and Fire are exempt from layoffs due to a no-layoff clause in their contracts that is effective until 2015.

Charter-mandated positions that are exempt from layoffs include:

- Mayor
- City Councilmembers
- City Auditor
- City Attorney
- City Administrator

Elected officials will be given a budget-reduction target to reach instead of specifically identified positions to be eliminated. If approved by the City Council, it will be up to the elected officials in each category to determine how they will reach their budget-reduction target.

## Implementation Timeline

January 18	City issues layoff notices citywide to provide 10-day notice
January 23 (by)	Mayor and City Administrator submit budget-balancing proposal to City Council
January 25	City Council presented with budget-balancing proposal
January 31	City Council considers proposal and makes final decision
February 1	Redevelopment Agency dissolved
February 3	Layoffs take effect

## Background

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.

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<b>7780 - Oakland Redevelopment Agency Projects (ORA)</b>				
<b>Department</b>	<b>Expense</b>		<b>FTE</b>	
	<b>FY 11-12</b>	<b>FY 12-13</b>	<b>FY 11-12</b>	<b>FY 12-13</b>
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	2,867,645	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	13,944,690	83.03	83.03
<b>Grand Total:</b>	<b>\$26,327,622</b>	<b>\$26,845,899</b>	<b>159.26</b>	<b>159.21</b>

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

Source: Oakland Redevelopment Agency FY 2011-13 Adopted Budget

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

- 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.

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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