

For Immediate Release:**September 23, 2009****Contact:****Helen Duong, (408) 795-1807
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San Jose Redevelopment Agency to Lay Off 23 percent of its Staff

The State of California's \$88 million take is a major blow to the Agency's Economic Development Program

SAN JOSE, CALIF. – Faced with a monumental taking by the State of California of \$88 million, the San Jose Redevelopment Agency has laid off 24 of its staff and eliminated funding for one additional position (approximately 23% of its current authorized 109 positions) and placed many of its projects on hold. This represents an annual savings of \$3,071,072 out of a \$15,143,881 budget for personnel.

“This was a difficult and heart-wrenching decision, but the State has left us with few options. As we are forced to halt or scale back Agency-funded projects, we must begin the process of significantly scaling back our budget and our capital program to pay the State. Much of our staffing is project-oriented, and with the significant reduction in projects, there were no other options,” said Harry S. Mavrogenes, Executive Director.

The State Legislature has approved legislation that takes \$2.05 billion from redevelopment agencies throughout California. The take from the San Jose Redevelopment Agency is \$62 million this year and \$13 million next year, in addition to a \$13 million take that the Legislature approved in 2008, for a total of \$88 million.

The California Redevelopment Association (CRA) filed suit and won a ruling on last year's State take, but that decision has been appealed by the State of California, and it may take several years to resolve. The CRA is preparing to file a lawsuit on this current State take but, again, with the appeal process, it will likely take several years to resolve. “This requires local redevelopment agencies to prepare budgets assuming that the take will occur. It could not have come at a worst time. With the downturn in the economy, the Agency's finances are being hit from both sides.” Mavrogenes said.

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The Agency's capital projects have included many important community-wide projects, such as the expansion of the San Jose McEnery Convention Center, acquisition of the potential Major League Ballpark site adjacent to Diridon Station, economic development initiatives to attract new industries and jobs to San Jose, and numerous neighborhood revitalization projects within the Strong Neighborhoods Initiative (SNI) areas, such as parks, community centers, and other neighborhood needs.

All Agency projects are currently under review and on hold until a revised 5-year budget is approved in mid-December. The Agency will be holding public study sessions to discuss its budget in November 2009.

"The delay in projects will be a major setback to the City's economic development program. These cuts will impede job creation, and delay improvements that our neighborhoods need," said Mavrogenes. "Many critical projects will have to wait for several years, or may be eliminated due to this massive taking by the State."

About the San Jose Redevelopment Agency

The Redevelopment Agency is dedicated to improving the quality of life for all who live and work in San Jose. Governed by the City Council, acting as the Redevelopment Agency Board, the Agency facilitates and oversees comprehensive programs for development to revitalize and strengthen quality of life and competitiveness for San Jose's downtown, neighborhoods and industrial areas. For more information, visit www.sjredevelopment.org

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