

# Department Consolidation: Community Investment Department



Office of the City Administrative Officer

Office of the Chief Legislative Analyst

C.F. 25-0600-S43

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# Background



# Feasibility of a **Standalone** Economic Development Department

# Standalone Economic Development Dept. (EDD)

- CREIAD and EDJ committees heard October CAO/CLA report on Nov. 7, 2025
- CREIAD directed the CAO/CLA work with EWDD to report on the feasibility of establishing a standalone Economic Development Department, to include:
  - A. Breakdown of programmatic activities
  - B. Staffing analysis
  - C. Overview of funding sources
  - D. Organizational, operational, and strategic recommendations
- CAO/CLA joint report on Standalone EDD released on Dec. 2, 2025

# Standalone EDD - Findings

- **Small size:**
  - EWDD proposes a 41-person department
  - Replicates the same hiring, retention, and administrative challenges currently experienced by YDD and DOA
- **Need:**
  - The activities and current and new initiatives proposed for the standalone EDD are compatible with the consolidation model
  - The need for a standalone dept is not evident but may assuage stakeholder concerns about less focus on ED activities if consolidated
- **Cost:**
  - \$1.4 million in savings identified through consolidation would be eliminated (executive positions retained)
  - \$2.8 million in staffing costs would be duplicated (administrative positions retained by EDD instead of consolidated department)

# Standalone EDD - Findings (cont.)

- **Negative Impact on Consolidated Department:**
  - Proposal retains 11 administrative staff instead of transferring them to consolidated department
  - Eliminates planned savings from deleted executive level positions
  - Limits knowledge transfer from EWDD to consolidated department
- **General Fund (GF) Impact:**
  - Economic Development is limited by fund eligibility and would require shifting from a 51% GF model to a 70%+ GF model
  - Current administrative positions shared across department would shift from mix of Special Funds to primarily GF due to unavailability of workforce funds

# Standalone EDD - Additional Staffing Costs

## Cost of Retained Administrative Positions

Type	Direct vs Indirect			General Fund vs. Special Fund		
	Direct Costs	Indirect Costs	Total	General Fund	Special Funds	Total
Amount	\$1,698,985	\$1,111,476	\$2,810,461	\$2,425,750	\$384,711	\$2,810,461

## Cost of Restored Executive Positions

Type	Direct vs Indirect			General Fund vs. Special Fund		
	Direct Costs	Indirect Costs	Total	General Fund	Special Funds	Total
Amount	\$874.811	\$586.764	\$1,461,575	\$304,504	\$1,157,071	\$1,461,575

# Standalone EDD - Conclusion

- CAO and CLA concur with the CREIAD and EDJ committees' action to move forward with the Community Investment Department consolidation
  - Services can be provided more cost-effectively within the proposed consolidated department
  - Greater risk to service levels and operational sustainability if this work is moved to a smaller, standalone department
  - Significant General Fund impact and risks to proposed consolidated department if standalone EDD is established



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