Department Consolidation: Community Investment Department



Office of the City Administrative Officer
Office of the Chief Legislative Analyst
C.F. 25-0600-S43

December 5, 2025

Background

Adopted Budget

2025-26 Adopted Budget instructs CIFD to report back on:

- Organizational structure
- Integration of programs

June 2025

March/April 2025

Administration of funds

CAO & CLA Report

CAO and CLA release report addressing:

- Departmental concerns
- Performance metrics
- Fiscal analysis

CAO & CLA Report

CAO and CLA release report addressing the Feasibility of a Standalone Economic Development Department

July 2025

November 2025

October 2025

December 2025

Proposed Budget

Mayor and City Council call for fundamental changes to the way the City operates including consolidations.

2025-26 Proposed Budget recommends the consolidation of LADOA, CIFD, EWDD, and YDD

CIFD Proposed Plan

CIFD releases report on proposed operating and transition plans. Council requests the CAO and CLA report back on CIFD's proposed plan and concerns from impacted departments

CREIAD & EDJ

CREIAD and EDJ approve the Joint CAO & CLA report as amended. CREIAD instructed CAO & CLA to report to GEIA on the feasibility of establishing an Economic Development Department.

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

| Туре | 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

| 20 | Direct vs Indirect | | | General Fund vs. Special Fund | | |
|--------|--------------------|-------------------|-------------|-------------------------------|------------------|-------------|
| Туре | 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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