
PERFORMANCE AUDIT OF THE CITY'S CLIMATE ACTION PLAN

The City can strengthen its oversight mechanisms to ensure City departments stay on track to implement CAP goals, and can improve its fiscal planning efforts for CAP implementation by developing a prioritization mechanism and estimating costs.

**Office of the
City Auditor**

City of San Diego



Performance Audit of the City's Climate Action Plan

The City can strengthen its oversight mechanisms to ensure departments stay on track to implement CAP goals, and can improve its fiscal planning efforts for CAP implementation by developing a prioritization mechanism and estimating costs.

Why OCA did this study

Cities play a vital role in the global response to climate change by curbing their greenhouse gas (GHG) emissions. The City's Climate Action Plan (CAP) is a flexible plan that contains a comprehensive set of goals, actions, and targets that the City can use to reduce GHG emissions.

What OCA found

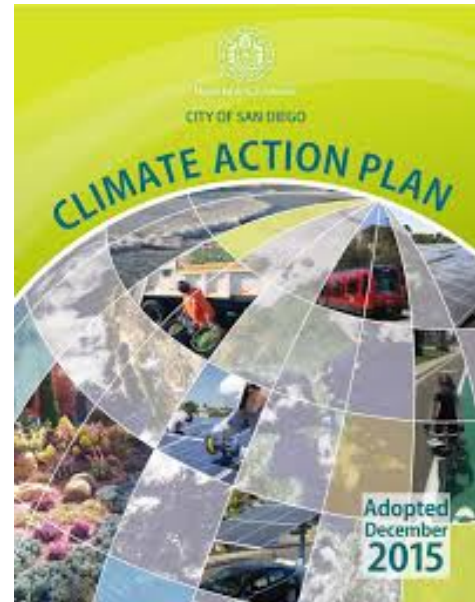
While the City has been nationally and locally recognized for its CAP, plans are only as good as their implementation, and the City has fallen behind on some of its CAP actions. We found that the City can strengthen its CAP implementation by improving oversight mechanisms for accountability, coordination, and fiscal planning.

Finding 1: The City can strengthen its oversight mechanisms to ensure City departments stay on track to implement CAP actions, and can better inform key decisionmakers of implementation progress.

- The Sustainability Department does not currently have authority or mechanisms to hold departments accountable for CAP implementation and may require additional staffing to effectively carry out its duties.
- CAP-related City departments are not required to have formally assigned staff for CAP implementation and are not required to proactively plan for CAP implementation.
- The City Council does not have dedicated opportunities for holding departments and Sustainability accountable for CAP implementation.
- Sustainability Roundtable meetings can be used more effectively as a forum for additional coordination and collaboration between departments.

Finding 2: The City can improve its fiscal planning efforts for CAP implementation by developing a prioritization mechanism and estimating costs.

- Despite several attempts, the City has not yet developed a fiscal planning document to project the future costs of implementing the actions necessary to meet CAP targets.
- CAP implementation cost estimates would need to be based on implementation plans, but these plans do not currently exist.



Source: https://www.sandiego.gov/sites/default/files/final_july_2016_cap.pdf

What OCA recommends

We make six recommendations to improve the City's CAP implementation. The City Administration and Sustainability Department agreed to implement all six recommendations.

Key recommendation elements include:

- Requiring CAP-related City departments to annually provide CAP workplans to the Sustainability department for review and approval;
- Strengthening opportunities for collaboration among City departments;
- Better informing the public and City Council on CAP implementation plans and progress;
- Developing a rating system of CAP measures to help inform prioritization; and
- Developing a CAP implementation plan, including an estimate of associated costs, information on funding sources, and identification of funding gaps.

For more information, contact Andy Hanau, City Auditor at (619) 533-3108 or cityauditor@sandiego.gov



THE CITY OF SAN DIEGO

February 18, 2021

Honorable Mayor, City Council, and Audit Committee Members
City of San Diego, California

Transmitted herewith is a performance audit report on the City's Climate Action Plan. This report was conducted in accordance with the City Auditor's Fiscal Year 2020 Audit Work Plan, and the report is presented in accordance with City Charter Section 39.2. The Results in Brief are presented on page 1. Audit Objectives, Scope, and Methodology are presented in Appendix B. Management's responses to our audit recommendations are presented after page 60 of this report.

We would like to thank staff from the Sustainability Department, the Finance Department, and several CAP-lead departments who shared their time and perspective for their assistance and cooperation during this audit. All of their valuable time and efforts spent on providing us information is greatly appreciated. The audit staff members responsible for this audit report are Marye Sanchez, Danielle Novokolsky, Nathan Otto, Danielle Knighten, and Kyle Elser.

Respectfully submitted,

Andy Hanau
City Auditor

cc: Honorable City Attorney Mara Elliott
Jay Goldstone, Chief Operating Officer
Jeff Sturak, Deputy Chief Operating Officer
Matthew Helm, Chief Compliance Officer
Matt Vespi, Chief Financial Officer
Rolando Charvel, Finance Director and City Comptroller
Erik Caldwell, Sustainability Director
Kenneth So, Deputy City Attorney
Andrea Tevlin, Independent Budget Analyst

OFFICE OF THE CITY AUDITOR
600 B STREET, SUITE 1350 • SAN DIEGO, CA 92101
PHONE (619) 533-3165 • FAX (619) 533-3036

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Results in Brief

The City of San Diego (City) has been nationally and locally recognized for its commitments to reduce greenhouse gas (GHG) emissions. The City's Climate Action Plan (CAP) is a flexible plan that contains a comprehensive set of goals, actions, and targets that the City can use to reduce GHG emissions.

While the City has outlined goals and taken some actions to achieve them, other factors outside of the City's control, such as federal and state mandates and region-wide action, also impact overall GHG emissions reduction and elements of CAP success.

However, the City does have control over whether it achieves components of its plan, such as the make-up of the municipal vehicles fleet, implementation of the bicycle master plan, and local impacts related to equity.

We found that the City can strengthen its CAP implementation by focusing on these sorts of components and more general factors it can control, including improving oversight mechanisms for accountability, coordination, and fiscal planning.

Finding 1: The City can strengthen its oversight mechanisms to ensure City departments stay on track to implement CAP actions, and can better inform key decisionmakers of implementation progress.

Plans are only as good as their implementation. Governments need a coordinated and comprehensive cross-departmental approach, as well as strong oversight and accountability to effectively implement climate action plans. In addition, to ensure City departments stay on track and to ensure the City's budgetary process involves consideration of CAP implementation needs, it is important for key decisionmakers, such as the City Council and Mayor, to be well-informed of CAP implementation progress and planned actions that have budgetary needs.

We found that the City can strengthen its oversight mechanisms to ensure City departments stay on track to

implement CAP actions by establishing a formalized structure to ensure departmental coordination and accountability for CAP implementation. Specifically, we found:

- The Sustainability Department (Sustainability) does not currently have authority or mechanisms to hold departments accountable for CAP implementation, and may require additional staffing to effectively carry out its duties;
- City departments involved in CAP implementation are not required to have formally assigned staff for driving forward CAP implementation and are not required to proactively plan for CAP implementation;
- The City Council does not have dedicated opportunities for holding departments and Sustainability accountable for CAP implementation; and
- Sustainability Roundtable meetings can be used more effectively as a forum for additional coordination and collaboration between departments.

We also found that Sustainability can better ensure it informs key decisionmakers of the City's CAP implementation progress by presenting CAP Annual Reports to the full City Council and by working with the Council President's Office and the Docket Office to revise the City Council Staff Report template to require City departments to indicate how an item implements or supports the CAP. Specifically, we found:

- There is no City requirement for CAP Annual Reports to be presented to the full City Council; and
- There is no City requirement for City Council Staff Reports to specify how an item helps to implement or support the CAP.

Finding 2: The City can improve its fiscal planning efforts for CAP implementation by developing a

For the CAP to be successfully implemented, the City must fiscally plan for its implementation. According to local, national, and international guidance and best practices, cities should prioritize actions and determine the costs and resources needed to implement their climate action plans.

**prioritization
mechanism and
estimating costs.**

We found that the City can improve its fiscal planning efforts for CAP implementation by developing a prioritization mechanism to determine how to spend its limited funds. Specifically, we found:

- Despite the need for resource efficiency, the CAP does not include a prioritization mechanism for implementation of specific CAP measures;
- Cost-benefit analyses for CAP implementation are difficult to complete and have limitations; and
- Some other municipalities have developed prioritization assessments that incorporate ratings or ranges of cost estimates, GHG emissions reduction, other benefits, feasibility/practicality, staffing level needed, etc.

We also found that although the CAP states that the City recognizes the importance of proper staffing, financing, and resource allocation for CAP initiatives, the City has not taken key steps to address these needs because it has not developed a CAP implementation plan with cost estimates. Specifically, we found:

- Despite attempts, the City has not yet developed a fiscal planning document to project the future costs of implementing the actions necessary to meet CAP targets;
- CAP implementation cost estimates would need to be based on implementation plans, but these plans do not currently exist; and
- Sustainability would likely require additional assistance or staffing and would need to wait until CAP 2.0 is completed to develop implementation cost estimates.

Recommendations

We issued a total of six recommendations to address the issues identified above. See page 53 for the full list of recommendations. The Sustainability Department and City Administration agreed to implement all six recommendations.

Background

Climate action planning provides city governments strategic direction, and new ideas and tools to address climate change.

Cities play a vital role in the global response to climate change by curbing their greenhouse gas (GHG) emissions. Climate action planning provides city governments and stakeholders with strategic direction, and new ideas and tools to address climate change, while meeting other long-term goals, such as socio-economic development and environmental protection.

According to the Brookings Institution, since 1991, over 600 local governments in the United States have developed climate action plans, which entail the documentation of an inventory of greenhouse gas (GHG) emissions, the establishment of GHG reduction targets, reduction strategies, and monitoring efforts to approach climate action. In California, local governments are essential partners in achieving California's goals to reduce GHG emissions, as they have broad influence and, in some cases, exclusive authority over activities that contribute to significant direct and indirect GHG emissions.

What is the Climate Action Plan?

The City of San Diego's Climate Action Plan (CAP) is a flexible plan that contains a comprehensive set of goals, actions, and targets that the City can use to reduce GHG emissions. The CAP includes reduction targets to reduce GHG emissions below the 2010 baseline by:

- 15 percent—to approximately 11 million metric tons of carbon dioxide equivalent (metric tons of CO₂e)—by 2020;
- 40 percent—to approximately 7.8 million metric tons of CO₂e—by 2030; and
- 50 percent—to approximately 6.5 million metric tons of CO₂e—by 2035.¹

¹ Carbon dioxide equivalent is a unit of measurement that is used to compare the emissions from various greenhouse gases based upon their global warming potential.

According to the 2020 CAP Annual Report, the City's 2019 GHG emissions inventory totaled 9,646,000 metric tons of CO₂e—or 26 percent—below the City's 2010 GHG emission baseline and is on track to exceed the City's 2020 GHG emissions reduction target.²

In addition to reducing GHG emissions, the CAP intends to provide ancillary benefits, such as job creation, improved public health, economic opportunities, climate equity, and cost savings to the City and its residents. The CAP also implements the City's General Plan and meets requirements set forth in the California Environmental Quality Act (CEQA).³

The current CAP is built on previous City efforts to reduce GHG emissions, and includes five strategies for achieving the targets:⁴

- 1) Energy and Water Efficient Buildings;
- 2) Clean and Renewable Energy;
- 3) Bicycling, Walking, Transit, and Land Use;
- 4) Zero Waste; and
- 5) Climate Resiliency.

² The scope of this audit work did not include testing of these figures or modeling projections.

³ The City's General Plan is the City's constitution for development. It is comprised of 10 elements that provide a comprehensive slate of Citywide policies and further the City of Villages smart growth strategy for growth and development.

The California Environmental Quality Act (CEQA) is a California statute that generally requires state and local government agencies to inform decisionmakers and the public about the potential environmental impacts of proposed projects, and to reduce those environmental impacts to the extent feasible. Guidelines for implementation of CEQA, section 15183.5(a), states that lead agencies may analyze and mitigate the significant effects of greenhouse gas emissions at a programmatic level, such as in a general plan, a long-range development plan, or a separate plan to reduce greenhouse gas emissions. For more information see Title 14, section 15183.5 of the California Code of Regulations.

According to a 2016 Memorandum issued by the City Attorney, the GHG emissions reductions targets in the CAP are legally binding to the extent required by the CEQA mitigation measure for the City's 2008 General Plan, which is enforceable pursuant to CEQA. For more information, see 2016 City Attorney Memorandum, available at: <https://docs.sandiego.gov/memooflaw/MS-2016-15.pdf>

⁴ See Appendix C for more detailed timeline information.

Each of the CAP's five strategies contains various sections, including the identification of the City departments with leading responsibilities for implementation, associated General Plan policies, goals, actions, targets, the potential GHG reductions, and supporting measures. **Exhibit 1** below describes the CAP implementation terminologies and **Exhibit 2** displays the baseline and target figures for City measures across each of the CAP's five strategies.

Exhibit 1

CAP Implementation Terminologies

<i>CAP Implementation Terminology</i>	<i>Description</i>
Lead Departments	Responsible City parties for ensuring implementation.
General Plan Policies	Referenced 2008 General Plan policy.
Goal	Effort to achieve a result.
Action	Regulatory and/or policy mechanisms to implement the GHG reduction target.
Target	Percentage of GHG emissions to be reduced by a defined time frame.
GHG Reductions	GHG reduction potential of each action in carbon dioxide equivalents.
Supporting Measures	Supporting measures that assist in the implementation of the actions. Supporting measures are not included in the CAP's quantified GHG reductions.

Source: OCA generated based on review of the City's Climate Action Plan.

Exhibit 2

The CAP annual report identifies baseline and target figures for City measures across each of the CAP's five strategies.

		2010 Baseline	2020 Target	2035 Target
STRATEGY 1	Reduce residential energy use	5000 kW, 300 therms	15% energy use reduction from baseline in 20% of units	15% energy use reduction from baseline in 50% of units
	Reduce municipal energy use	205 million kW, 3 million therms	15% reduction from baseline	25% reduction from 2020 goal
STRATEGY 2	Reduce per capita water use	128 gallons per capita per day (GPCD)	117 GPCD	105 GPCD
	Achieve 100% renewable energy citywide	11% renewable energy content	N/A	100% renewable energy content
	Increase municipal zero-emission vehicles (ZEV)	0% ZEVs in municipal fleet	50% ZEVs in municipal fleet	90% ZEVs in municipal fleet
STRATEGY 3	Convert to compressed natural gas (CNG) waste trucks	0% CNG waste trucks in operation	N/A	100% CNG waste trucks in operation
	Increase use of mass transit	4% commuter transit modeshare	12% commuter transit modeshare	25% commuter transit modeshare
	Increase commuter walking opportunities	3.5% pedestrian commuter modeshare	4% pedestrian commuter modeshare	7% pedestrian commuter modeshare
	Increase commuter bicycling opportunities	2% bicyclist commuter modeshare	6% bicyclist commuter modeshare	18% bicyclist commuter modeshare
	Retime traffic signals and install roundabouts	40 traffic signals per year, 0 roundabouts	200 traffic signals retimed, 15 roundabouts installed	35 roundabouts installed
STRATEGY 4	Reduce vehicle miles traveled	25 miles per day commute distance	N/A	23 miles per day commute distance
	Divert solid waste	52% diversion rate	75% diversion rate	90% diversion rate
STRATEGY 5	Methane capture from the landfill	75% of gas captured from the landfill	80% of gas captured from the landfill	90% of gas captured from the landfill
	Methane capture from wastewater treatment	71% of gas captured from the wastewater treatment facility	N/A	98% of gas captures from the wastewater treatment facility
	Increase urban tree canopy cover	7% tree canopy cover citywide	15% tree canopy cover citywide	35% tree canopy cover citywide

Source: OCA generated based on the 2019 CAP Annual Report.

CAP implementation is interwoven throughout many City departments and functions within City operations.

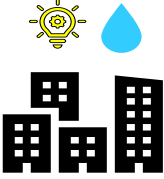


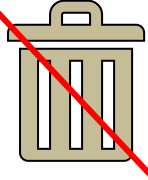

As shown in **Exhibit 3** below, CAP implementation is interwoven throughout many City departments and functions within City operations. The CAP is also part of the City's Strategic Plan and supports several of the City's master plans, such as the Urban Forest Management Action Plan, the Traffic

Performance Audit of the City's Climate Action Plan

Signal Communications Master Plan, and the Bicycle Master Plan, among others.

Exhibit 3

Lead City Departments Responsible for Ensuring Implementation for Each CAP Strategy

 <p align="center">Strategy 1: Energy & Water Efficient Buildings</p>	 <p align="center">Strategy 2: Clean & Renewable Energy</p>	 <p align="center">Strategy 3: Bicycling, Walking, Transit & Land Use</p>	 <p align="center">Strategy 4: Zero Waste (Gas & Waste Management)</p>	 <p align="center">Strategy 5: Climate Resiliency</p>
<ul style="list-style-type: none"> • Environmental Services • Planning • Public Utilities • Development Services 	<ul style="list-style-type: none"> • Development Services • Environmental Services • Economic Development 	<ul style="list-style-type: none"> • Transportation and Storm Water • Planning • General Services • Development Services • Purchasing and Contracting • Economic Development • Environmental Services 	<ul style="list-style-type: none"> • Environmental Services • Public Utilities 	<ul style="list-style-type: none"> • Development Services • Planning • Parks and Recreation • Public Works

Source: OCA generated based on review of the City's Climate Action Plan.

Although the Planning Department originated the CAP, the Economic Development Department (EDD) originally managed implementation of the CAP. As a companion item to the CAP, the City established the position of Sustainability

Program Manager to oversee implementation of the CAP, among other tasks. In October 2018, the City established the Sustainability Department (Sustainability) and transferred management of the Energy Conservation Program Fund and approximately 22 FTEs from the Environmental Services Department, as well as responsibility for CAP implementation and the position of the Sustainability Program Manager from EDD to Sustainability.⁵

Staffing & Budget of the Sustainability Department

In fiscal year 2021, Sustainability's total budget was \$5.8 million. Of the \$5.8 million, approximately \$830,000 was funded by the General Fund and the remaining \$4.9 million was funded by the Energy Conservation Program Fund. Additionally, in the same period, Sustainability's total staffing budget consisted of 26.75 full-time equivalent positions (FTEs), however, only 4.00 FTEs were funded by the General Fund in contrast to the remaining 22.75 FTEs funded by the Energy Conservation Program Fund. Due to funding use constraints, only the 4.00 FTEs that are funded by the General Fund are able to work on CAP-related activities.

The City's Climate Action Plan has been nationally and locally recognized.

The City has been nationally and locally recognized for its commitments to reduce GHG emissions. In 2020, the Brookings Institution issued a report in which it ranked the City among the most successful in the country in terms of lowering its GHG emissions. In fact, the Brookings report also noted that roughly two-thirds of cities are currently lagging their targeted emission levels, and as previously noted, the City is on track to exceed its 2020 GHG emissions target.

Additionally, the Climate Action Campaign, a local advocacy group dedicated to climate action, has continuously ranked the City's CAP among the top CAPs in comparison to other municipalities in the San Diego region.

⁵ The Energy Conservation Program Fund is an Internal Service Fund. Internal Service Funds are established for the financing of goods or services provided by one City departments to another City department on a cost-reimbursement basis. The Energy Conservation Program Fund receives funding from other City departments to support energy costs at City facilities and to implement conservation programs.

The City is in the process of updating its Climate Action Plan.

When the City published the CAP in 2015, it included a commitment to update the CAP in 2020. Accordingly, Sustainability began the process of updating the CAP in 2020 and planned to have an initial draft complete and ready for public comment by early 2021. As of February 2021, Sustainability is still in the process of updating the CAP.

To reflect the viewpoints, priorities, and needs of San Diego residents within the updated CAP, Sustainability has hosted virtual forums to obtain public feedback. Although the updated CAP will officially be called "Our Climate, Our Future" we refer to it as CAP 2.0 throughout the report.

National and local climate leadership groups provide guidance on climate action planning.

Exhibit 4 below provides a brief summary of some climate leadership groups that provide guidance to address climate action planning. We refer to guidance and best practices from these sources throughout the report.

Exhibit 4

Some of the Climate Leadership Groups that Address Climate Action Planning

	<p>C40 Cities Climate Leadership Group (C40)</p>
	<p>UN-Habitat</p>
	<p>The Energy Policy Initiatives Center (EPIC)</p>
	<p>Climate Action Campaign (CAC)</p>

Source: OCA generated based on review of the C40 Cities Leadership Group, UN-Habitat, Energy Policy Initiatives Center, and Climate Action Campaign websites.

Factors outside the City's control also impact overall GHG emissions reduction.

Factors outside of the City's control, such as federal and state mandates, region-wide action, and community-wide behavior change, also impact overall GHG emissions reduction and elements of CAP success. In fact, according to the City's Independent Budget Analyst (IBA), the majority of targeted emission reductions (more than two-thirds), particularly in the early stages of the CAP, are projected to be the result of state and federal actions. Similarly, the Climate Action Campaign stated that much of the City's GHG emissions reduction thus far may be largely attributable to state and federal actions rather than to specific City actions.

However, the City does have control over whether it achieves components of its plan such as the make-up of the municipal vehicles fleet, implementation of the bicycle master plan, and local impacts related to equity.

As further discussed in the findings of this report, we found that the City can strengthen its CAP implementation by focusing on these sorts of components and more general factors it can control, including improving oversight mechanisms for accountability, coordination, and fiscal planning.

Audit Results

Finding 1: The City can strengthen its oversight mechanisms to ensure City departments stay on track to implement CAP actions, and can better inform key decisionmakers of implementation progress.

Finding Summary

The City of San Diego (City) Climate Action Plan (CAP) contains a comprehensive set of greenhouse gas (GHG) emissions reduction targets, along with specific actions the City plans to take and goals it plans to meet to achieve these GHG emissions reductions. As an objective of the City's Strategic Plan, implementation of the CAP is a top priority. Ensuring that the City stays on track to implement individual CAP actions is essential to successful CAP implementation overall.

Although the City is on track to surpass its overall 2020 GHG reduction target, the City has fallen short of achieving some of the individual actions laid out in the CAP.⁶ While the City is not fully in control of meeting overall CAP GHG reduction targets, the City is largely in control of whether it achieves the individual actions of the CAP, such as implementing transit-oriented development, reducing water consumption and reducing municipal energy consumption, among others.

Plans are only as good as their implementation. Governments need a coordinated and comprehensive cross-departmental approach, as well as strong oversight and accountability to effectively implement climate action plans. In addition, to ensure City departments stay on track and to ensure the City's budgetary process involves consideration of CAP implementation needs, it is important for key decisionmakers,

⁶ The City's most current GHG emissions inventory covers data through 2019; therefore, we cannot yet determine whether the City surpassed its overall 2020 reduction target.

such as the City Council and Mayor, to be well-informed of CAP implementation progress and planned actions that have budgetary needs.

We found that the City can strengthen its oversight mechanisms to ensure City departments stay on track to implement CAP actions. Specifically, we found:

- The City lacks a formalized structure and mechanisms for ensuring departmental coordination and accountability for CAP implementation, such as departmental CAP workplans.
- The Sustainability Department (Sustainability) has focused on reporting on the City's progress rather than on ensuring the implementation of all elements of the CAP, does not have authority or mechanisms to hold departments accountable, and may require additional staffing to effectively carry out its CAP implementation duties.
- Sustainability, City departments, and City Council Offices have differing views on who is primarily accountable for ensuring CAP implementation.
- Sustainability Roundtable meetings can be used more effectively as a forum for additional coordination and collaboration between departments.

We also found that Sustainability can better ensure it informs key decisionmakers of the City's CAP implementation progress. Specifically, we found:

- While Sustainability has brought an information item forward to the Environment Committee each year, it has not presented CAP Annual Reports to the full City Council.
- Staff Reports for items presented to the City Council do not include important information related to CAP implementation.

Presenting this information to the City Council can help the City Council hold departments accountable and ensure they implement CAP actions. In addition, including information on

how items presented to the City Council impact CAP implementation can help the City Council to make more informed decisions.

To address these issues and help the City implement the CAP, we recommend the City adopt an Administrative Regulation to formally establish responsibility and authority for oversight and accountability for CAP implementation, including by requiring CAP-related City departments to develop annual CAP workplans and present these plans to the City Council, establishing formal roles within each CAP-related City department to drive forward CAP implementation, and requiring Sustainability to request to docket the CAP Annual Reports for presentation to the full City Council.

We also recommend Sustainability conduct a staffing analysis to determine whether it needs additional resources to support the City's CAP implementation, strengthen its Roundtable forum for collaboration between City departments, and work with the Council President's Office and the Docket Office to update the City Council Staff Report template to require City departments to indicate how an item implements or supports the CAP.

The City can strengthen its CAP implementation by improving oversight mechanisms for accountability, coordination, and fiscal planning.

The City of San Diego (City) Climate Action Plan (CAP) sets out to reduce greenhouse gas (GHG) emissions using specific actions and goals. Implementation of the CAP is also a top priority to the City as it is an objective of the City's Strategic Plan. While the City has been commended for its CAP, the plan is only as good as its implementation.

Although the City is on track to surpass its 2020 GHG reduction target and has made progress in some aspects of its CAP implementation, such as with the establishment of the Community Choice Aggregation Program, the City has fallen short on some of its CAP actions.⁷ For example, the City is falling behind on reducing municipal energy use; increasing municipal zero-emission vehicles; increasing transit, pedestrian, and bicyclist commuter mode shares; and installing roundabouts.⁸

As noted in the Background of this report, the City's CAP has been nationally and locally recognized. For example, in its 2020 Report Card, the local advocacy group, Climate Action Campaign, gave the City a high CAP commitment score of 98 out of 100, ranking the City first in the region; however, in terms of CAP implementation, the Climate Action Campaign gave the City a score of only 78 out of 100. While many cities across the San Diego region also received lower implementation scores compared to plan commitment scores, as shown in **Exhibit 5** below, the City's lower implementation score indicates the importance of focusing on CAP implementation efforts.

⁷ The most current data available on the City's GHG reductions is from 2019; therefore, we cannot yet determine whether the City surpassed its overall 2020 reduction target.

The City's Community Choice Aggregation Program (program) is a pathway to provide 100 percent renewable electricity to the City's residents and businesses. The program permits cities, counties, and other authorized entities to purchase and/or generate electricity for residents and business located within the boundaries of their jurisdiction.

⁸ See the 2020 CAP Annual Report for more information at: <https://www.sandiego.gov/sites/default/files/2020-cap-action-strategies.pdf>

Exhibit 5

Other San Diego County cities also have lower CAP implementation scores than CAP commitment scores.

SUMMARY OF CLIMATE SCORES

	Carlsbad	Chula Vista	Del Mar	Encinitas	Imperial Beach	La Mesa	National City	Oceanside	San Diego	Solana Beach
CAP SCORE	57	63	77	92	63	80	40	55	98	80
IMPLEMENTATION SCORE	67	64	62	78	N/A	81	27	N/A	78	66








Note: The "CAP Score" is the same as a "CAP Commitment Score." Cities with an Implementation Score of "N/A" have newly adopted CAPs and were not assessed in terms of implementation.

Source: Climate Action Campaign 2020 San Diego Region Climate Action Plan Report Card (4th Edition).

The City can strengthen its CAP implementation by improving oversight mechanisms for accountability, coordination, and fiscal planning. As we discuss in the sections below, we identified several mechanisms the City can use to improve its implementation and help ensure it stays on track to achieve its CAP actions. These mechanisms, and the City's current status of utilizing these mechanisms, are displayed in **Exhibit 6** below.

Exhibit 6

The City lacks many mechanisms that can help ensure CAP implementation.

Mechanisms to Ensure CAP Implementation	City of San Diego
Authority & Accountability	
Formal Departmental CAP Liaisons with Responsibility for CAP Implementation	 *
Forum for Interdepartmental Collaboration	 **
Annual Proactive Planning at Department-level	
Informing Key Decisionmakers of Annual Workplans	
Monitoring & Reporting	
Informing Key Decisionmakers of CAP Implementation Status	 ***

*There are individuals at each of the CAP-lead departments that provide the Sustainability Department with data for the CAP Annual Reports and attend the Sustainability Roundtable meetings. However, these positions do not have formal responsibility for CAP implementation.

**The Sustainability Departments hosts periodic Sustainability Roundtable meetings, but these meetings are infrequent and have not been used specifically for interdepartmental collaboration and coordination.

***The Sustainability Department presents its CAP Annual Reports to the Environment Committee but not to the full City Council.

Source: OCA generated based on interviews with Sustainability and CAP-related City departments, survey of City Council Offices, and review of the Climate Action Plan.

The City has not clearly defined the roles and responsibilities of the various parties involved in CAP implementation.

We found a need for clarification of roles and responsibilities for the parties involved in CAP implementation. Specifically, we found:

- Sustainability does not currently have authority or mechanisms to hold departments accountable for CAP implementation;
- City departments involved in CAP implementation are not required to have formally assigned staff for driving forward CAP implementation, and are not required to proactively plan for CAP implementation; and
- The City Council does not have dedicated opportunities for holding departments and Sustainability accountable for CAP implementation.

To help implement the CAP, in October 2018, the City Council adopted City Ordinance O-21004, which established Sustainability as a department with the responsibilities of implementing the City's CAP and facilitating efforts across multiple City departments to implement the CAP.⁹ However, we found that Sustainability has primarily focused on reporting on the City's CAP implementation progress rather than on ensuring its implementation. According to Sustainability, it currently does not have authority or mechanisms to hold departments accountable and perform oversight of CAP implementation.

City departments are responsible for carrying out the City's daily operations and the CAP lists certain departments as leads for implementing CAP actions. Although certain staff are responsible for providing Sustainability with annual data, the City has not formally established staff positions in CAP-related City departments to drive forward CAP implementation.

According to the C40 Climate Action Planning Framework, action plans should map the governance and administrative structures of the city and the roles and operational

⁹ For more information on City Ordinance O-21004, see <https://docs.sandiego.gov/municode/MuniCodeChapter02/Ch02Art02Division54.pdf>

responsibilities relevant to climate action. Similarly, according to the UN-Habitat's Principles for City Climate Action Planning, actions should be assigned to specific agencies, organizations, or stakeholders so that those entities can be held accountable for implementation.

As further discussed below, we found that other municipalities have dedicated staff within their departments to ensure accountability and drive implementation forward. Furthermore, as we discuss later in this finding, proactive annual CAP workplans at the departmental level could help ensure CAP implementation. To that end, Sustainability indicated that in order for City departments to create such workplans, it would be integral to establish formal departmental CAP liaisons.

Although the City has not formally established the City Council's role in CAP implementation, the City Council plays a key role through the budget process. However, as further discussed below, the City Council currently receives limited information on CAP implementation status, and issues of CAP implementation are just one of many considerations during annual budget review of departments. Thus, the City Council's oversight of CAP implementation may be strengthened by having more dedicated opportunities to review and question implementation efforts and take CAP implementation needs into account.

Sustainability, other City departments, and City Council Offices have differing views on who is ultimately accountable for ensuring CAP implementation.

The City may benefit from clarifying roles and giving Sustainability authority to review and approve departmental plans. We found that the absence of formal assignment of specific CAP responsibilities has led to a lack of clarity over who is ultimately accountable for CAP implementation.

Sustainability indicated that while City departments are the key drivers of CAP implementation, the City Council is ultimately responsible for holding City departments accountable for CAP implementation. Although the CAP lists various City departments as the leads for implementation, the departments we interviewed indicated that the City Council, in

conjunction with the Mayor's Office, are responsible for overall oversight of CAP implementation as they determine the City's budget and funding priorities.

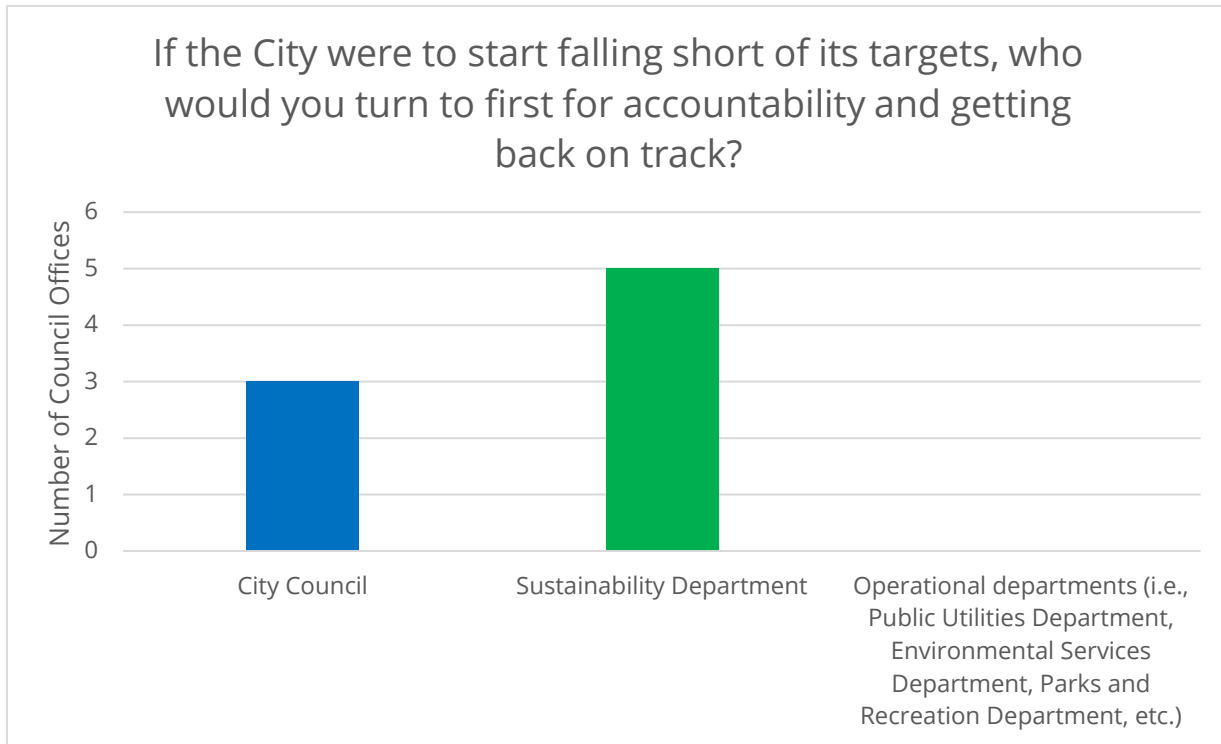
We conducted a survey of City Council Offices in Fall 2020 to obtain their perspective on accountability for CAP implementation, as well as CAP monitoring and reporting. We received responses from eight of nine Council Offices, the results of which are discussed below.

Although Sustainability and the City departments we interviewed view the City Council as ultimately accountable for ensuring CAP implementation, as shown in **Exhibit 7**, the majority of the eight responding Council Offices stated that they would first turn to the Sustainability Department for ensuring the City stays on track to implement the CAP.¹⁰

¹⁰ Because these survey responses were from the City Council as it was comprised in Fall 2020, they do not reflect the current City Council membership as a result of the November 2020 election.

Exhibit 7

Although most City Council Offices indicated they view the Sustainability Department as primarily responsible for ensuring accountability for CAP implementation, some indicated they view the City Council as primarily responsible.



Source: OCA generated based on City Council Office responses to our survey.

The City has limited formal mechanisms to hold departments accountable for implementing the CAP.

The City could benefit from additional formal mechanisms to hold departments accountable for implementing the CAP. We found that Sustainability's role has primarily focused on monitoring and reporting rather than on holding departments accountable for CAP implementation.

In addition, we found that the City's current approach emphasizes reporting past progress rather than proactively planning implementation actions on an annual basis. Although Sustainability works with CAP-related City departments to gather metrics for the CAP annual report, it only collects data on what City departments accomplished during the previous year and not on what they plan to accomplish for the upcoming year. By taking a more forward-

looking approach, such as by developing annual departmental workplans, the City can better ensure that it is continuously progressing towards its CAP goals. As we discuss below, other municipalities require departments to provide annual workplans and written progress reports, which help these municipalities oversee implementation of their climate action plans.

Other municipalities have more formalized structures for departmental coordination and implementation of their climate action plans.

Implementation of climate action plans is a complex challenge that requires involvement from multiple departments. We found that other municipalities have more formalized structures to aid implementation of their climate action plans and coordination between departments to leverage implementation efforts, including:

- Departmental liaisons with formal responsibilities to drive forward implementation (City of Los Angeles, City and County of San Francisco, and Alameda County);
- Departmental annual workplans (City of Los Angeles and City and County of San Francisco);
- Cross-departmental monthly meetings (City of Los Angeles);
- Regular written progress reports to City decisionmakers (City of Los Angeles); and
- Utilization of climate action plans in the budget process (City of Los Angeles and Alameda County).

A 2020 report by the Brookings Institution ranked the City of Los Angeles (Los Angeles) as having the largest percentage decrease in GHG emissions; the City and County of San Francisco (San Francisco) as having the second-largest decrease, and the City of San Diego as having the sixth-largest decrease.

Los Angeles has a Chief Sustainability Officer, Deputy Chief Sustainability Officer, and a Sustainability Team housed in the Mayor's Office, as well as Departmental Chief Sustainability Officers (DCSOs) at each of the departments involved in implementation of Los Angeles' Sustainable City pLAN

(pLAn).¹¹ The DCSOs are senior officials who are responsible for implementing pLAn initiatives. Los Angeles incorporates pLAn implementation progress into the annual reviews of the DCSOs, which provides additional incentive to stay on top of implementing the pLAn.

Additionally, Los Angeles holds monthly meetings among city departments involved in pLAn implementation. Los Angeles indicated that these meetings have been fruitful as city departments have been able to collaborate on sustainability efforts. Further, to ensure accountability and departmental alignment with the pLAn, Los Angeles requires all General Managers, heads of departments/offices, and commissions of the city government to provide updates and regular written reports on achieving and exceeding the outcomes in the pLAn to the Mayor. Los Angeles also requires departments to use its pLAn to help establish budget priorities to submit proposals to the Mayor's Office.

San Francisco has a dedicated Climate Team that runs its climate action plan program (DepCAP program) under the Department of the Environment. The Climate Team conducts outreach, education, and monitoring for San Francisco's carbon footprint and sustainability policies and programs. Similar to Los Angeles, San Francisco also has departmental climate liaisons, who in addition to their regular duties, work with the Climate Team to coordinate departmental climate action commitments. According to San Francisco's Climate Action Strategy, the DepCAP program provides an avenue for environmental leaders throughout the city to learn from each other and develop relationships that lead to innovative actions and high impact initiatives.

The County of Alameda (Alameda) also noted the importance of coordinating efforts to implement its CAP. Similar to Los Angeles and San Francisco, Alameda also has designated staff throughout its agencies who, in addition to their regular

¹¹ In 2015, the City of Los Angeles adopted its Sustainable City pLAn (pLAn), and in 2019, it updated the pLAn to Los Angeles' Green New Deal. In our report we refer to Los Angeles' climate action plan as pLAn.

duties, help to implement its CAP. Further, Alameda acknowledged the need for staff's engagement in implementing the CAP and called for sustainability-related performance indicators for managers. Alameda also requires departments to integrate climate protection measures into its budgetary process.

The Sustainability Department could benefit from a staffing analysis to ensure it has the resources needed to work on CAP implementation.

Sustainability plays a significant role in the City's work to implement the CAP, but there is a risk that it does not have enough staff to complete all of its duties. Because the CAP is interwoven throughout many City departments and functions within City operations, the City created the Sustainability Department to centralize CAP implementation efforts and facilitate coordination. Given the CAP's considerable scope and impact to City operations, it is important for Sustainability to have the resources necessary to ensure CAP implementation.

Although the CAP states that the City "recognizes the need for proper staffing, financing, and resource allocation to ensure the success of each mechanism included in the CAP," the City has not conducted a staffing analysis to determine whether Sustainability has proper staffing to support the implementation of those mechanisms.

As mentioned in the Background, Sustainability has only 4.00 FTEs that are able to work on CAP-related activities. Therefore, Sustainability could benefit from completing a staffing analysis to determine whether additional staff resources are needed to effectively carry out the department's duties and to implement the recommendations of this report. According to Sustainability, a staffing analysis could be completed in conjunction with the CAP update.

Moreover, according to national guidance, the City's organizational structure and resources for CAP implementation should be aligned with the CAP actions and goals to deliver results. Implementing a strategic plan, such as a climate action plan, requires sufficient staffing and resources to be able to meet the goals of the plan. According

to the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) integrated framework for internal control, organizational structure and resources should be aligned to meet goals and maximize efficiency. Government Finance Officers Association (GFOA) guidance also emphasizes that employees should be positioned within the organization in a way that maximizes efficiency. Therefore, as part of its climate action planning efforts, the City should consider how to organize its structure and resources to maximize effectiveness.

Sustainability Roundtable meetings can be used more effectively as a forum for additional coordination and collaboration between City departments.

Various City departments are involved in the implementation of the CAP strategies; the Sustainability Department is responsible for the cross-departmental coordination of these efforts. However, as discussed below, we found that Sustainability can better facilitate coordination by using Sustainability Roundtable meetings more effectively.

According to the UN-Habitat, addressing climate change requires involvement from multiple city departments and thus, effective climate action planning requires a comprehensive and integrated collaborative approach. Further, the CAP states that the Program Manager will establish an interdisciplinary team of staff from various City departments to coordinate implementation efforts and coordinate Citywide progress.

While a previous CAP workgroup disbanded, we found that the City has held Sustainability Roundtable meetings since 2015. These meetings are currently hosted by the Sustainability Department, and include representatives from various City departments to collaborate and communicate around the overall subjects of sustainability and climate action. While these meetings are commendable and a potential control for ensuring coordination, there are opportunities for Sustainability to strengthen coordination efforts between the City departments that take part in these meetings. Specifically, Sustainability can strengthen coordination by increasing the frequency of these meetings and by ensuring time is allocated for discussion of

department initiatives and consideration of opportunities for collaboration and coordination.

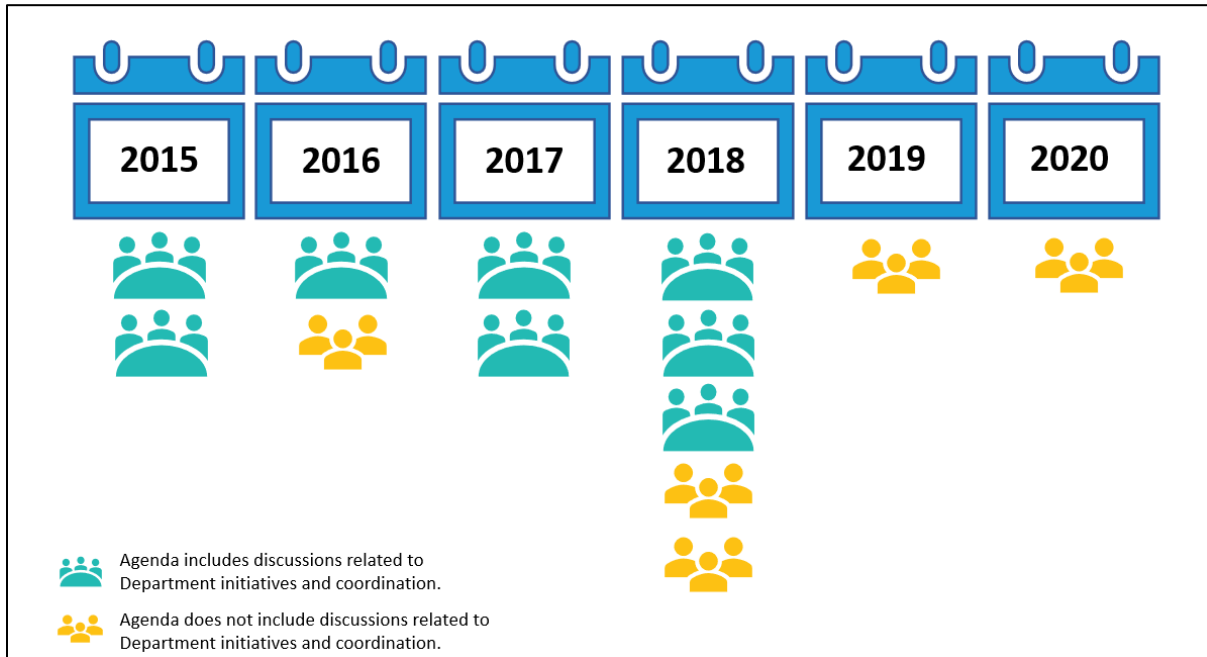
We found that from 2015 through 2020, the City held only 13 Sustainability Roundtable meetings. In fact, only one Sustainability Roundtable meeting was held in 2019 and only one was held in 2020. We acknowledge that the COVID-19 pandemic may have impacted the frequency of meetings held in 2020; nevertheless, because the CAP is a top priority that involves various City departments, the City needs to ensure that it frequently provides a forum for departmental coordination and collaboration going forward.

Furthermore, the majority of the Sustainability Roundtable meetings were held prior to the establishment of the Sustainability Department. While Sustainability stated that it aims to hold the Sustainability Roundtable meetings on a quarterly basis, it also indicated that various factors influence the timing of the meetings. According to Sustainability, it is in the process of scheduling four Sustainability Roundtable meetings in 2021, with the first meeting scheduled for March 2021.

In addition, according to the departments we spoke with, these meetings are more a forum for Sustainability to share the status of its work and discuss the CAP 2.0 update rather than a forum for coordination between departments on implementation of the CAP. As shown in **Exhibit 8**, we found that the City has not held Sustainability Roundtable meetings consistently and the Agendas indicate the City did not always discuss CAP departmental initiatives or coordination efforts at these meetings. The Agendas that did include planned discussions of department initiatives or coordination were from meetings held in the years prior to the creation of the Sustainability Department. No meeting minutes were available for review. We also observed one of these meetings in April 2020 during which there was no discussion specific to departments' actions on CAP implementation.

Exhibit 8

The City has not held Sustainability Roundtable meetings consistently and some meeting Agendas did not indicate discussions of CAP departmental initiatives or coordination.



Source: OCA generated based on review of Sustainability Roundtable meeting Agendas.

The City can strengthen its oversight mechanisms and create additional controls to ensure City departments stay on track to implement CAP goals.

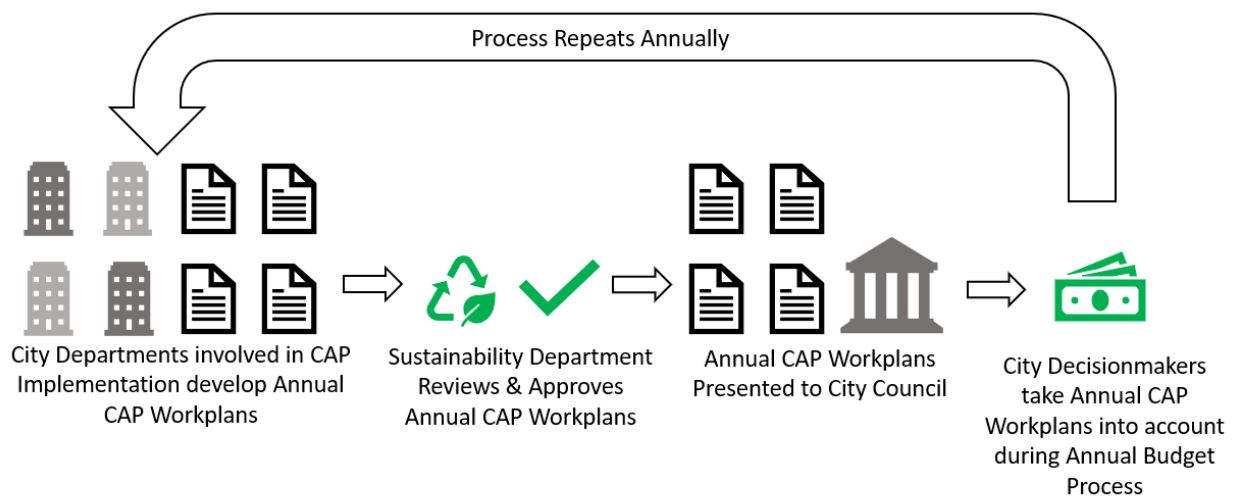
Since the City's budget process is structured each year to achieve the fiscal and policy goals for the upcoming year, the City needs to proactively plan for CAP implementation to take its fiscal considerations into account during the budget process. To that end, the City's Fiscal Year 2017 CAP Funding Implementation Memorandum states that as the City's progress towards achieving GHG reductions goals is tracked, the Mayor, the City Council, stakeholders and City staff will be able to determine what actions are working and where additional resources may support increased results. However, because the City's budget is structured by operational department and not by sector or initiative, it is important for CAP implementation actions to be considered in the budgets of individual departments.

Thus, an ideal approach to CAP implementation is displayed in the flowchart in **Exhibit 9** below. This includes proactive

planning on the part of the departments involved in the CAP's implementation, review of the plans by the Sustainability Department, as well as presentation of these plans to the City Council in time for City decisionmakers (the Mayor and City Council) to take into consideration in the annual budget.

Exhibit 9

An ideal approach to CAP implementation would include City departments developing annual CAP workplans that are presented to the City Council and can be considered by City decisionmakers during the annual budget process.



Source: OCA generated based on benchmarking with other cities, interviews with the Sustainability Department, and the results of our survey of City Council Offices.

Sustainability can help better inform the City Council of CAP implementation status and of how items being presented to Council help implement or support the CAP.

In addition to establishing a formal operational structure, the City should take steps to ensure that key decisionmakers are aware of CAP implementation progress. To that end, because the City Council plays a role in allocating funds through the budget process, the City Council needs to be kept apprised of the CAP's progress and resource needs.

The Government Finance Officers Association (GFOA) Best Practices for Establishment of Strategic Plans states that progress should be monitored at regular intervals, and organizations should develop a systematic review process to evaluate the extent to which strategic goals have been met.

Furthermore, for transparent and verifiable reporting, the UN-Habitat Guiding Principles for City Climate Action Planning state that city governments should make information available to all concerned stakeholders and report to appropriate platforms.

Sustainability monitors the City's progress via the CAP Annual Reports and the City has published these reports every year from 2016 through 2020.¹² In contrast, not every jurisdiction publishes monitoring reports every year. While the creation of these reports is commendable, and the Climate Action Campaign has awarded the City the highest score in the region for publishing the reports, we found that most City Council Offices desire to receive additional information regarding CAP implementation. In response to our survey of Council Offices, only one of the eight responding Council Offices indicated that they receive enough information regarding the CAP's implementation progress.

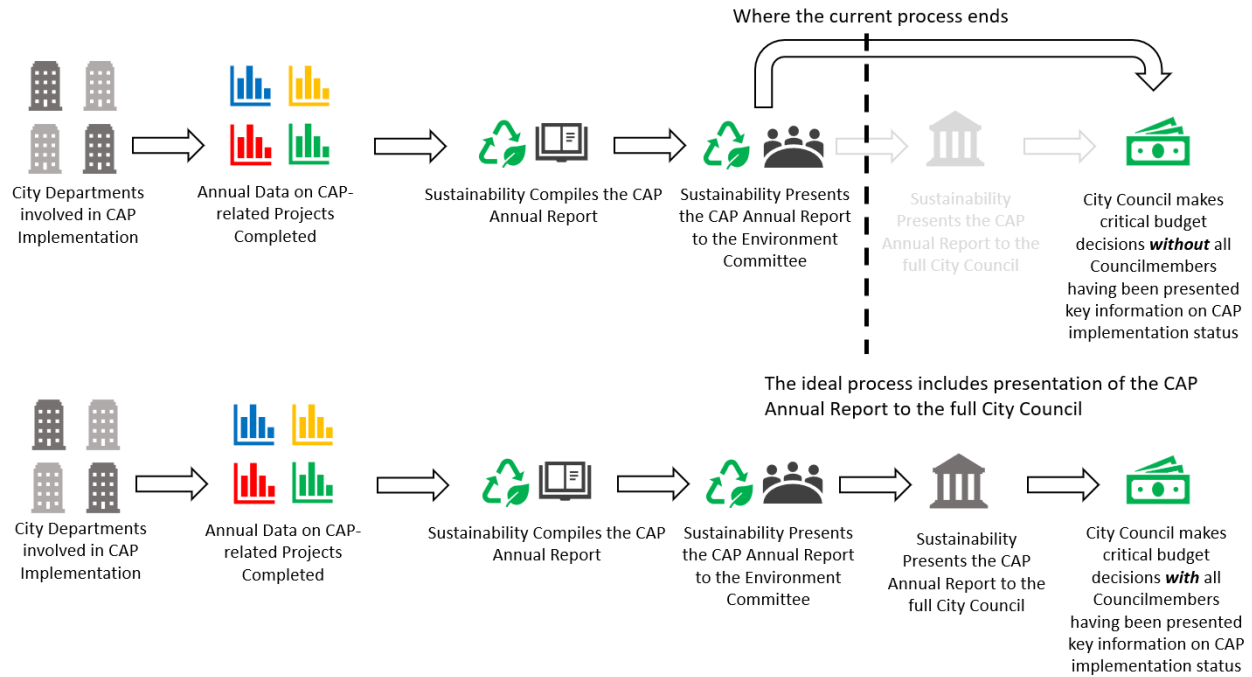
There is no City requirement for CAP Annual Reports to be presented to the full City Council.

We found that the City does not utilize the CAP Annual Reports to their maximum potential. Currently, Sustainability presents the CAP Annual Reports to the Environment Committee as informational items. Sustainability is not required to present the monitoring reports to the full City Council and stated that it has not been requested to do so. However, according to Sustainability, it briefs Councilmembers upon request and provides the reports to all Council Offices. To better inform City decisionmakers, Sustainability expressed willingness to present the CAP Annual Reports to the full City Council in the future. **Exhibit 10** below shows the current CAP Annual Report process.

¹² In 2016 and 2017, the Economic Development Department issued the CAP Annual Report as the City had not yet established the Sustainability Department.

Exhibit 10

The CAP Annual Report is only presented to the Environment Committee as an informational item, and not to the full City Council.

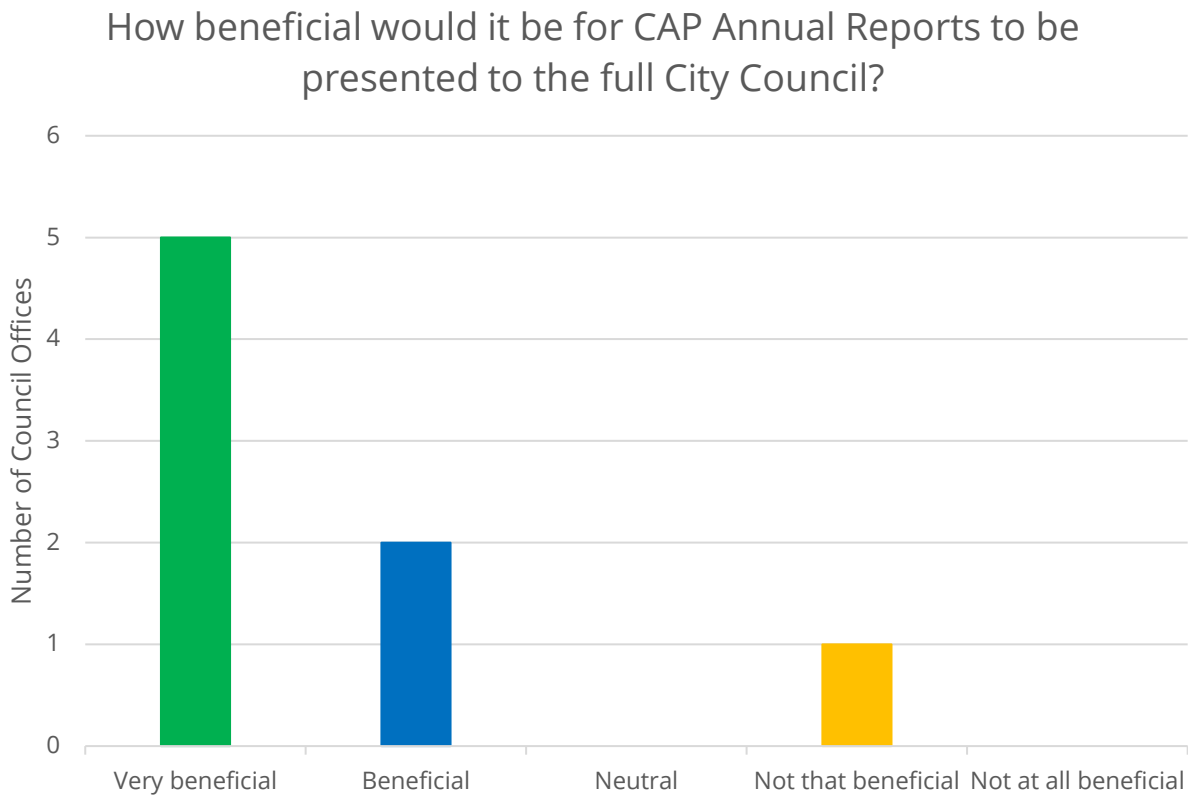


Source: OCA generated based on interviews with the Sustainability Department and various City departments, and review of Environment Committee meetings.

As shown in **Exhibit 11**, our survey results further indicated that most City Council Offices would find it “Very Beneficial” or “Beneficial” if Sustainability presented its CAP Annual Reports to the full City Council.

Exhibit 11

Most City Council Offices expressed interest in hearing CAP Annual Reports at City Council sessions.



Note: These survey responses were from the City Council as it was comprised in Fall 2020—i.e., before the current Council membership as a result of the November 2020 election.

Source: OCA generated based on City Council Office responses to our survey.

There is no City requirement for City Council Staff Reports to specify how an item helps to implement or support the CAP.

Additionally, we found that City Council Staff Reports do not contain sufficient information to help inform decisionmakers on how an item may help implement or support the CAP.¹³ Staff Reports are a key document that City departments provide the City Council and the public; the Council uses Staff Reports to evaluate proposals that come before them.

¹³ There are two types of Staff Reports that City staff utilize to transmit information to the City Council or to City Council standing committees. Information Reports make no specific recommendation and are used to transmit information if the City Council or a standing committee has requested further information on a project or issue. Action Reports transmit pertinent information, recommendations, alternative courses of action, and the business and fiscal impacts to the City Council.

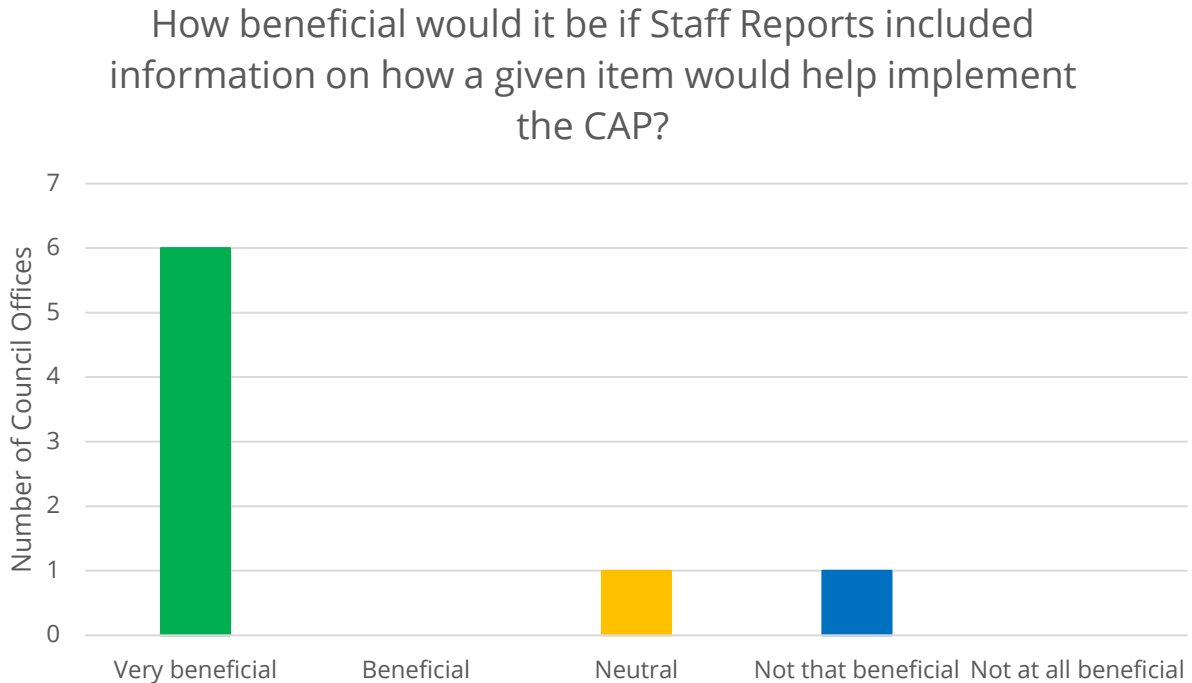
The City's Administrative Regulation 3.20 states that Staff Reports to the City Council should provide sufficient pertinent information and should include important information necessary for the City Council to make an informed decision. The CAP is an objective of the City's Strategic Plan, and although Staff Reports list the specific goal and objective(s) of the Strategic Plan associated with the item, Staff Reports do not require City staff to further elaborate on how the item implements the stated objective(s).

Including information on Staff Reports regarding how an item relates to, and specifically how it helps to implement the CAP, can help draw decisionmakers' attention to the CAP and help embed CAP implementation consideration into City operations. To that end, the Sustainability Department stated that it has been considering pursuing adding information on how an item relates to and helps implement the CAP to the City Council Staff Report template.

Furthermore, as shown in **Exhibit 12**, six of the eight Council Offices that responded to our survey indicated that it would be "Very Beneficial" for Staff Reports to include information on how an item would help implement the CAP.

Exhibit 12

Most City Council Offices expressed support for Staff Reports to include information on how a given item would help implement the CAP.



Note: These survey responses were from the City Council as it was comprised in Fall 2020—i.e., before the current Council membership as a result of the November 2020 election.

Source: OCA generated based on City Council Office responses to our survey.

The City Council has limited dedicated opportunities to conduct oversight and drive implementation.

Without sufficient information on CAP implementation status and how items presented to the City Council impact CAP implementation, the City Council has limited opportunities to conduct oversight and drive implementation.

Sustainability indicated that the City Council has an opportunity to hold departments accountable for CAP implementation as part of the annual budget process. However, issues of CAP implementation must compete with many other operational issues during the budget process.

Further, the City Council needs to be well-informed of the status of CAP implementation in order to successfully hold

City departments accountable and to make informed budgetary and other CAP-related decisions.

Without clarification of roles and responsibilities, proactive planning, and mechanisms for accountability and coordination, the City may be missing opportunities to improve CAP implementation.

The City's ability to hold departments accountable is hindered by a lack of clear roles and responsibilities for CAP implementation, proactive planning, and mechanisms for ensuring accountability and coordination.

Because the CAP is a long-term planning document that involves multiple City departments, it is important for the City to formally establish roles and responsibilities for CAP-related departments and key decisionmakers.

City decisionmakers' ability to make well-informed decisions and to take CAP implementation needs into account during the annual budget process is impeded by a lack of proactive planning. Without sufficient accountability and financial investment, the City may be missing opportunities to further its CAP implementation.

The City may also be missing opportunities to achieve greater progress across its CAP actions without a formal mechanism to ensure cross-departmental coordination and collaboration on CAP implementation efforts. A lack of coordination may also raise the risk of inconsistent or fragmented implementation of CAP actions.

To address the issues identified above, we make the following recommendations.

Recommendation #1:

To formally establish responsibility and authority for oversight and accountability of CAP implementation, the City's Chief Operating Officer should adopt an Administrative Regulation that requires:

- CAP-related City departments to annually provide CAP workplans to the Sustainability Department for review and approval; the CAP workplans should outline the work the City departments plan on accomplishing for the following year;

- The City to formally establish roles within each City department involved in CAP implementation to act as a liaison and to drive forward CAP implementation within their respective department, including the responsibility of developing the annual workplan for the department;
- CAP-related City departments to annually request to docket their CAP annual workplans for presentation to the full City Council for budgetary considerations; and
- The Sustainability Department to annually request to docket the CAP Annual Reports for presentation to the full City Council. (Priority #1)

Recommendation #2: In conjunction with the CAP 2.0 update, the Sustainability Department should conduct a staffing analysis to determine whether it needs additional resources to support the City's CAP implementation. Once the staffing analysis is completed, the Sustainability Department should present it to the Environment Committee. (Priority #1)

Recommendation #3: To strengthen opportunities for collaboration among City departments, the Sustainability Department should ensure that:

- Departmental Sustainability Roundtable meetings are held at least quarterly, and
- Every Sustainability Roundtable meeting has time dedicated in the Agenda specifically for departments to share the implementation status of CAP workplans and to discuss challenges and potential areas for collaboration and coordination. (Priority #3)

Recommendation #4: To better inform the public and ensure the City Council is aware of how the items they are voting on help to implement or support the CAP, the Sustainability Department should work with the Council President's Office and Docket Office to revise the Staff Report template to include a section to identify how an item helps to implement or support the CAP. (Priority #3)

Finding 2: The City should improve its fiscal planning efforts for CAP implementation by developing a prioritization mechanism and estimating costs.

Finding Summary

In addition to strengthening accountability and better informing decisionmakers of CAP progress, the City must fiscally plan for the CAP for it to be successfully implemented.

According to local, national, and international guidance and best practices, cities should prioritize actions and determine the costs and resources needed to implement their climate action plans.

We found that the City should improve its fiscal planning efforts for CAP implementation by developing a prioritization mechanism to determine how to spend its limited funds. Specifically, we found:

- Despite the need for resource efficiency, the CAP does not include a prioritization mechanism for implementation of specific CAP measures.
- Cost-benefit analyses for CAP implementation are difficult to complete and have several practical limitations to their usefulness for CAP prioritization, including the difficulty of quantifying co-benefits that go beyond GHG emissions reduction. However, the City has not implemented an alternative prioritization method to use in their place.
- Other cities have developed CAP prioritization scorecards, which may be more useful than traditional cost-benefit analyses.

While cost-benefit analyses have limitations, the cost of various measures is still a critical factor that the City should estimate and utilize to improve its fiscal planning for CAP implementation. Although the CAP states that the City recognizes the importance of proper staffing, financing, and

resource allocation for CAP initiatives, we found that the City has not taken key steps to address these needs. Specifically, we found:

- Despite attempts, the City has not yet developed a fiscal planning document to project the future costs of implementing the actions necessary to meet CAP targets.
- CAP implementation cost estimates would need to be based on implementation plans, but these plans do not currently exist.
- The Sustainability Department would likely require additional assistance or staffing and would need to wait until CAP 2.0 is completed to develop implementation cost estimates.

Without a prioritization mechanism, the City risks spending its limited funds in a non-cost-effective manner. Furthermore, without implementation cost estimates and longer-term fiscal planning, it is more difficult for the City to adequately budget for CAP implementation.

To address these issues and help the City prioritize its limited resources for CAP implementation, we recommend the Sustainability Department develop a priority rating system of CAP measures, using factors such as cost estimates, staff resources required, feasibility, GHG reductions, and other characteristics, to be used for prioritization as part of the City's CAP 2.0 update; and develop a CAP implementation plan including cost estimates, and consider seeking the assistance of a consultant, if necessary.

Despite the need for resource efficiency, the CAP does not include a prioritization mechanism for implementation of specific CAP measures.

The City cannot complete all CAP actions at once due to limited resources. Therefore, the City should use a mechanism to prioritize CAP actions. However, we found that the current CAP does not include a prioritization mechanism for implementation of specific CAP measures.

According to local, national, and international guidance and best practices, CAP strategic planning should involve the

determination of costs and benefits, and such analyses should be used to prioritize implementation. For example, the Government Finance Officers Association (GFOA) key steps for strategic planning include creating an action plan that describes how strategies will be implemented, including the associated costs and priority order. Similarly, according to C40's Climate Action Planning Framework (C40 CAP Framework), cities should set out a methodology for prioritizing actions. The C40 CAP Framework further states that actions should be prioritized based on level of impact, inclusive benefits, and ability to fulfill objectives; the CAP should explain the process used to prioritize actions, and should identify which actions are conditional on the support of, or funding by, other actors.

Furthermore, according to the Energy Policy Initiatives Center (EPIC), cost analyses conducted during implementation can help prioritize actions or help identify ways to more efficiently spend City funds. Cost analyses conducted in later stages (i.e., during monitoring and reporting, or during CAP updates), can integrate data to better understand actual impacts since CAP adoption and tailor strategies going forward.

While the CAP lacks a detailed prioritization mechanism, some efforts were made to prioritize CAP measures. Specifically, to optimize resource efficiency and overall effectiveness, the CAP was divided into three general phases: early actions (Phase 1), mid-term actions (Phase 2), and longer-term actions (Phase 3). Beyond these phases, the CAP states that "CAP implementation will be dependent upon the future adoption of numerous implementation ordinances, policies, and programs. A cost-benefits analysis will be prepared as each implementation measure is presented to the City Council for consideration." The CAP further states that this is to include a cost-per-GHG reduction analysis.

However, the City is not using these types of analyses as a prioritization mechanism for CAP implementation. In fact, Sustainability could not provide assurance that all CAP actions have a cost-benefit analysis because efforts that support the

CAP are embedded across department projects and initiatives instead of being stand-alone CAP projects. Furthermore, City staff involved in the development of the CAP indicated that the cost-benefit analysis requirement was not meant to be used as a prioritization mechanism, and Sustainability indicated that such a requirement may not be included in the CAP update.

Cost-benefit and cost-effectiveness analyses are difficult to complete and have limitations.

Although the current CAP states that cost-benefit analyses will be completed for CAP implementation measures presented to the City Council, according to Sustainability and various other City departments, such analyses are difficult to complete. Furthermore, other municipalities and stakeholders expressed that there are limitations to the usefulness of cost-benefit and cost-effectiveness analyses.

For example, Alameda County's (Alameda) climate action plan states that it would not be efficient to conduct an extensive cost-benefit analysis of each measure to inform prioritization. Instead, Alameda developed a streamlined process to divide measures into first, second, and third tiers of implementation and provided a sense of the relative costs, benefits, and practicality of the measures.

Similarly, according to King County, which hired a third-party consultant to complete a cost-effectiveness analysis for its climate action plan, having a cost-effectiveness analysis can be useful for identifying what actions can get the "biggest bang for the buck"; however, there are some limitations to their usefulness. Specifically, there are some projects that are more expensive than others but that the municipality still needs to move forward with to provide other benefits. For example, a transportation project may have a higher cost-per-GHG reduction than another CAP-related initiative; however, beyond potential GHG reduction benefits, transportation projects have other significant co-benefits such as increasing mobility for residents. Thus, the transportation project may still be desirable to prioritize.

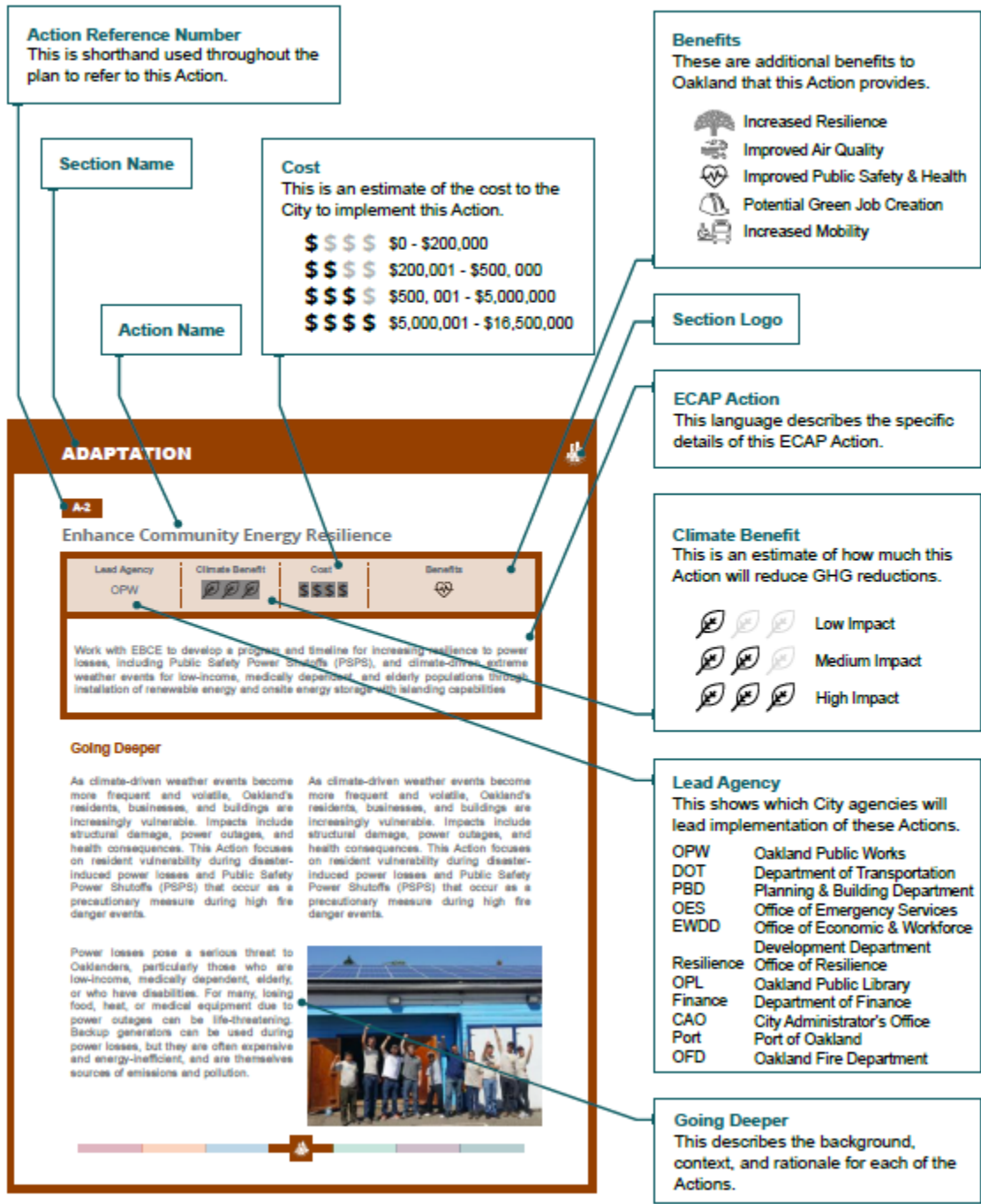
Other cities have developed CAP prioritization scorecards which may be more useful than traditional cost-benefit analysis.

It is important to put cost into context—cost is one of many factors, and along with the amount of GHG reduction, there are often other co-benefits to CAP measures that are very difficult to quantify and include in a cost-benefit calculation. In addition, many other factors must be considered, such as feasibility, neighborhood support for the project, etc.

We found that some other municipalities have developed prioritization assessments that incorporate ratings or ranges of cost estimates, GHG reductions, other benefits, feasibility/practicality, staffing level needed, etc. For example, as shown in **Exhibit 13**, the actions in the City of Oakland's CAP include cost estimate ratings (\$, \$\$, \$\$\$, \$\$\$\$), climate benefit ratings (low impact, medium impact, high impact), identification of the lead agencies responsible for implementation, and identification of additional benefits (increased resilience, improved air quality, improved public safety & health, potential green job creation, increased mobility).

Exhibit 13

Example of City of Oakland's Rating System



Source: Oakland 2030 Equitable Climate Action Plan.

Similarly, as shown in **Exhibit 14**, Alameda's CAP includes a prioritization assessment with ratings for GHG reductions and co-benefits, resource efficiency, and practicality. Alameda's

CAP states: "Because not all 80 measures can be implemented at the same time, a prioritization process was conducted to inform the order in which measures will be implemented. An assessment was made for each measure by scoring the measure in eight criteria: GHG reductions; other anticipated benefits; implementation costs; cost savings; staffing level; importance for advancing other aspects of the Plan; support for existing goals, policies, or plans; and acceptability and ease of implementation as rated by individual agencies. Looking at multiple criteria provided a more nuanced perspective of what resources and support will be required to implement each measure and what the full range of benefits will be."

Exhibit 14

Example of Alameda County's Rating System

The categories and the icons used are:



GHG Reductions & Co-Benefits: A high rating in this category indicates a high GHG reduction potential as well as an assessment that the measure will provide several additional environmental, social, economic, or other benefits provide (e.g., improving air quality, saving employees money).



Resource Efficiency: A high rating in this category indicates that a measure requires a smaller investment of financial and staff resources, or that upfront investment results in significant annual savings. Implementation costs, potential savings, and the staff time required for implementation were considered. High cost savings combined with low staffing needs result in the highest ranking.



Practicality: A high rating in this category indicates that a measure builds on existing policies, plans, or programs, lays a foundation for the implementation of other measures in the Plan, and was deemed highly feasible by County staff.

TABLE 9: GHG REDUCTION MEASURES – EFFICIENCY AND CONSERVATION STRATEGY

#	Measure	Priority Tier	GHG Reductions & Co-Benefits	Resource Efficiency	Practicality
BE-1	Encourage operational and behavioral changes that decrease the demand for energy and water in County facilities	1st			
BE-2	Conduct comprehensive building performance evaluations (retro-commissioning) to ensure major systems (e.g., mechanical, HVAC, lighting, controls) are operating at optimal efficiency	1st			
BE-3	Implement comprehensive energy reduction measures at the data center and other high-energy-use facilities	2nd			
BE-4	Establish a procedure to ensure that County buildings continue to operate at optimal efficiency	2nd			
BE-5	Tune up or replace inefficient equipment (e.g., boilers, motors)	2nd			
BE-6	Continue utilizing efficient indoor lighting strategies in County facilities	2nd			
BE-7	Optimize thermostat settings and set a Countywide building temperature standard	2nd			
BE-8	Install high-efficiency outdoor area lighting (e.g., streetlight) technologies as practicable	3rd			
BE-9	Investigate building envelope (e.g., windows, walls, roofs) upgrades to County buildings to minimize heating and cooling needs	3rd			

Source: Alameda County's Climate Action Plan.

The City and County of San Francisco also developed a prioritization assessment that rates different factors. As shown in **Exhibit 15** below, San Francisco's climate action strategy for its transportation sector rates the potential to reduce GHG emissions, the co-benefits, and the cost to implement strategies.

Exhibit 15

Example of San Francisco's Rating System

TRANSIT

Long-Term Strategies:

		GHG REDUCTION POTENTIAL	CO-BENEFITS				COST
TRA-1	Maintain and expand local and rapid transit service and make system improvements that increases safety, reliability and accessibility.		✓	✓	✓	✓	\$ \$ \$ \$
TRA-2	Expand regional transit core capacity to accommodate growth and encourage mode shift to transit, walking and bicycling.		✓	✓	✓	✓	\$ \$ \$
TRA-3	Secure Cap and Trade and other grant funds that can support fleet expansion, storage and maintenance needs that will help accommodate future growth and ridership demands.		✓	✓	✓		\$ \$ \$

LEGEND Potential to reduce greenhouse gas emissions Potential to advance equity Potential to improve public health Consistent with Transit First Policy Potential to support jobs and prosperity Initial Capital Cost (public)

LAND USE & TRANSPORTATION

Long-Term Strategies:

		GHG REDUCTION POTENTIAL	CO-BENEFITS				COST
LUT-1	Promote housing, job growth and infill development along transit corridors and within San Francisco's Priority Development Areas.		✓	✓	✓	✓	\$ \$ \$
LUT-2	Increase density, diversity of land uses and location efficiency across San Francisco.		✓	✓	✓		\$ \$ \$
LUT-3	Reduce off-street parking requirements for new development and re-development areas.		✓	✓	✓		\$ \$ \$
LUT-4	Increase the provision of affordable housing options across all income levels to reduce the commute shed of San Francisco workers.		✓	✓	✓	✓	\$ \$ \$

LEGEND Potential to reduce greenhouse gas emissions Potential to advance equity Potential to improve public health Consistent with Transit First Policy Potential to support jobs and prosperity Initial Capital Cost (public)

Source: San Francisco Transportation Sector Climate Action Strategy.

Sustainability plans to include a prioritization mechanism in CAP 2.0.

According to Sustainability, although the CAP 2.0 update may not include a cost-benefit analysis requirement, Sustainability plans to incorporate a more quantitative analysis of CAP actions as part of the update. Sustainability is currently in the process of conducting engagement to determine what indicators would be most useful to incorporate.

An advantage of using a priority rating system is that the City could include a variety of factors that are important to the City and its residents, such as a measure's equity implications. The City developed a Climate Equity Index in 2019 to be used as a tool to address environmental justice and social equity. The Climate Equity Index measures the level of access to opportunity residents have within a census tract, assessing the degree of potential impact from climate change to these areas, and identifies certain tracts as "Communities of Concern." Given the City's focus on climate equity, the new prioritization mechanism that is developed for CAP 2.0 actions could leverage the Climate Equity Index to incorporate consideration of climate equity.

However, Sustainability noted that although it can present rating assessments based on this new prioritization mechanism, it is ultimately up to the City Council to determine order of implementation through budgetary decisions.

Without a prioritization mechanism, the City risks spending its limited funds in a non-cost-effective manner.

The City's lack of a prioritization mechanism for CAP actions may result in the City not spending its limited funding in the most cost-effective and efficient manner. Furthermore, due to the impact of the COVID-19 pandemic, the City's budgetary resources are more limited.

The City also risks not prioritizing actions within the CAP strategies that will make the greatest impact on GHG reductions. As a result, the City's efforts may not be enough to achieve GHG reduction targets. The City may also be under-prioritizing CAP measures that provide significant co-benefits, or may be over-prioritizing measures that have

limited feasibility and are unlikely to be implemented efficiently.

CAP strategic planning should involve the determination of costs.

According to local, national, and international guidance and best practices, CAP strategic planning should involve the determination of costs. For example, the Government Finance Officers Association (GFOA) recommends that all governmental entities use some form of strategic planning to provide a long-term perspective for service delivery and budgeting, thus establishing logical links between authorized spending and broad organizational goals. Furthermore, GFOA's key steps for strategic planning include creating an action plan that describes how strategies will be implemented, including the associated costs. The C40 CAP Framework also states that cities should determine the costs, associated funding, and human resources needed to deliver their plan (i.e., implement their mitigation and adaptation actions), and should allocate resources through the budget cycle. As mentioned above, cost analyses can also be used for prioritization and cost efficiency purposes.

In addition to local, national, and international guidance recommending fiscal planning for climate action plans, a former Councilmember requested for the City's Independent Budget Analyst (IBA) to develop a fiscal planning document for the CAP in the form of a Five-Year CAP Financial Outlook (CAP Outlook) but, as further discussed below, limited information and staffing have hindered the City's ability to complete such a document. Since that request, additional City Councilmembers have expressed the desire for a CAP Outlook in their budget priority memos.

Furthermore, as mentioned in Finding 1, the CAP states that the City "recognizes the need for proper staffing, financing, and resource allocation to ensure the success of each mechanism included in the CAP." However, as further discussed below, the City has not determined the proper staffing, financing, and resource allocations needed to complete each CAP action because the City has not developed an implementation plan.

Despite attempts, the City has not yet developed a fiscal planning document to project the future costs of implementing the actions necessary to meet CAP targets.

Although the City provides funding information for CAP-related items for the upcoming fiscal year, the City has not developed a fiscal planning document to project the future costs of implementing the actions necessary to meet CAP targets.¹⁴ The IBA responded to the original request for a CAP Outlook with a report on March 1, 2018.¹⁵ However, the IBA encountered some challenges and stated that limited cost and timeframe information hindered its ability to develop a comprehensive CAP Outlook. The City passed on responsibility for completing the CAP Outlook to the Sustainability Department when it was established. Although Sustainability began efforts to develop the CAP Outlook starting in 2019, it has not been able to complete the CAP Outlook due to the difficulty of the task, limited staffing, and competing operational priorities.

CAP implementation cost estimates would need to be based on implementation plans, but these plans do not currently exist.

The City's ability to estimate CAP implementation costs is hindered by the lack of a CAP implementation plan on which to base its estimates. The IBA report states that it is difficult to determine costs on an annual basis for fiscal planning purposes without a focused implementation timeline. The report further states that although an unclear implementation phase allows for flexibility in initiating CAP programs and projects, it limits the City's fiscal planning abilities, and notes that the CAP does not include potential costs or funding mechanisms of the proposed actions. Sustainability also indicated that CAP implementation cost estimates would need to be based on implementation plans, but that these plans do not currently exist.

According to EPIC, an analysis of cost estimates can be completed when the jurisdiction develops a standalone CAP Implementation Plan; such detailed and specific

¹⁴ The Department of Finance provides Sustainability with a list of the upcoming fiscal years' budget adjustments. Sustainability reviews these budget adjustments for applicability to the CAP.

¹⁵ Climate Action Plan: Development of an Initial Five-Year Financial Outlook. Office of the Independent Budget Analyst. March 2018. Available at: <https://www.sandiego.gov/sites/default/files/18-05.pdf>

implementation plans are generally developed after a jurisdiction adopts a CAP. Therefore, if the City develops a long-term CAP implementation plan as part of the CAP 2.0 update, as well as an annual departmental workplan process, as recommended in Finding 1, the long-term implementation plan and annual workplans may provide a basis on which to estimate implementation costs.

Sustainability would require additional assistance or staffing and would need to wait until CAP 2.0 is completed to develop implementation cost estimates.

According to Sustainability, it does not have the capability to develop CAP implementation cost estimates. Sustainability stated that it would require assistance in the form of additional staff or help from a consultant to be able to complete implementation cost estimates.

While Sustainability has 26.75 FTEs, most are funded by the Energy Conservation Program Fund and are limited to energy-specific activities; only 4.00 FTEs, none of which are analyst positions, are funded through the General Fund and work specifically on the CAP. Noting these resource limitations, and as further discussed in Finding 1, Sustainability stated that it would require additional resources to be able to complete additional work, such as developing CAP implementation cost estimates. Sustainability stated that if it were to seek the help of a consultant, it would need to request the funds for the consultant through the City's annual budget process.

Sustainability also noted that completing implementation cost estimates would not be a valuable exercise until CAP 2.0 is developed and the City has identified the new CAP 2.0 actions.

Without implementation cost estimates, it is more difficult for the City to adequately budget for CAP implementation.

Although the City has not been able to develop a CAP Outlook due to the lack of a CAP implementation plan, the IBA report emphasized the importance of estimating CAP implementation costs—a position that aligns with the local, national, and international guidance and best practices referenced above.

According to the IBA's report, "policy decisions identifying which programs or projects will be considered top priorities

typically occur during the annual budget process and on a department by department basis rather than a holistic programmatic approach.” And, without something like a financial outlook, there is no meaningful way, on a yearly basis, to track and assess CAP expenditures to make budgetary requests during the City's budget process.

Furthermore, responses to our survey of City Council Offices indicated that estimates of costs for CAP implementation would help guide prioritization during the annual budget process and help City decisionmakers understand the resources needed to implement the CAP. Specific comments included:

“Better estimates regarding implementation costs would help the Council and Mayor during the budget process as it considers competing budget priorities, especially during hard budget years. It would also help inform us on which priority projects to focus on, given often limited resources.”

“Knowing costs means that we have a plan and are taking implementation seriously.”

While it may require additional resources upfront, estimating implementation costs is important to help the City adequately plan and budget for significant long-term CAP implementation costs.

To address the issues identified above, we make the following recommendations.

Recommendation #5:

As part of the City's CAP 2.0 update and to facilitate the prioritization of the City's limited resources for CAP implementation, the Sustainability Department should conduct an assessment and develop a rating system of CAP measures, using factors such as cost estimates, staff

resources, feasibility, GHG reductions, climate equity, and other benefits to help inform prioritization. (Priority #1)

Recommendation #6: Once CAP 2.0 is developed, the Sustainability Department (Sustainability) should develop an implementation plan, including an estimate of associated costs, information on funding sources, and identification of funding gaps. Sustainability should consider seeking assistance, such as from the Department of Finance, the Department of Performance and Analytics, or a consultant, if necessary. (Priority #2)

Conclusion

As mentioned in the Background, cities play a vital role in the global response to climate change by curbing their greenhouse gas (GHG) emissions. Climate action planning provides city governments and stakeholders with strategic direction, and new ideas and tools to address climate change, while meeting other long-term goals such as socio-economic development and environmental protection.

While the City of San Diego (City) has been nationally and locally recognized for its Climate Action Plan (CAP), having a good CAP is not enough without ensuring its successful implementation. Furthermore, implementation of climate action plans is a complex challenge that requires involvement from multiple City departments.

While other factors outside of the City's control, such as federal and state mandates and region-wide action, also impact overall GHG emissions reduction and elements of CAP success, the City can strengthen implementation of the CAP by focusing on components and factors it can control, including improving mechanisms for accountability, coordination, and fiscal planning.

Ensuring that the City has oversight mechanisms to hold departments accountable is integral for successful CAP implementation. Furthermore, informing City decisionmakers of CAP implementation status can help them to make more informed decisions.

In addition, fiscal planning—including by estimating costs and by using a system to inform prioritization—is key for ensuring successful CAP implementation.

As stated in the introductory letter of the original CAP, "Our City's responsibility is to ensure a clean, sustainable San Diego for generations to come."

Recommendations

Recommendation #1: To formally establish responsibility and authority for oversight and accountability of CAP implementation, the City's Chief Operating Officer should adopt an Administrative Regulation that requires:

- CAP-related City departments to annually provide CAP workplans to the Sustainability Department for review and approval; the CAP workplans should outline the work the City departments plan on accomplishing for the following year;
- The City to formally establish roles within each City department involved in CAP implementation to act as a liaison and to drive forward CAP implementation within their respective department, including the responsibility of developing the annual workplan for the department;
- CAP-related City departments to annually request to docket their CAP annual workplans for presentation to the full City Council for budgetary considerations; and
- The Sustainability Department to annually request to docket the CAP Annual Reports for presentation to the full City Council. (Priority #1)

Recommendation #2: In conjunction with the CAP 2.0 update, the Sustainability Department should conduct a staffing analysis to determine whether it needs additional resources to support the City's CAP implementation. Once the staffing analysis is completed, the Sustainability Department should present it to the Environment Committee. (Priority #1)

Recommendation #3: To strengthen opportunities for collaboration among City departments, the Sustainability Department should ensure that:

- Departmental Sustainability Roundtable meetings are held at least quarterly, and

- Every Sustainability Roundtable meeting has time dedicated in the Agenda specifically for departments to share the implementation status of CAP workplans and to discuss challenges and potential areas for collaboration and coordination. (Priority #3)

Recommendation #4: To better inform the public and ensure the City Council is aware of how the items they are voting on help to implement or support the CAP, the Sustainability Department should work with the Council President's Office and Docket Office to revise the Staff Report template to include a section to identify how an item helps to implement or support the CAP. (Priority #3)

Recommendation #5: As part of the City's CAP 2.0 update and to facilitate the prioritization of the City's limited resources for CAP implementation, the Sustainability Department should conduct an assessment and develop a rating system of CAP measures, using factors such as cost estimates, staff resources, feasibility, GHG reductions, climate equity, and other benefits to help inform prioritization. (Priority #1)

Recommendation #6: Once CAP 2.0 is developed, the Sustainability Department (Sustainability) should develop an implementation plan, including an estimate of associated costs, information on funding sources, and identification of funding gaps. Sustainability should consider seeking assistance, such as from the Department of Finance, Department of Performance and Analytics, or a consultant, if necessary. (Priority #2)

Appendix A: Definition of Audit Recommendation Priorities

DEFINITIONS OF PRIORITY 1, 2, AND 3

AUDIT RECOMMENDATIONS

The Office of the City Auditor maintains a priority classification scheme for audit recommendations based on the importance of each recommendation to the City, as described in the table below. While the City Auditor is responsible for providing a priority classification for recommendations, it is the City Administration's responsibility to establish a target date to implement each recommendation taking into consideration its priority. The City Auditor requests that target dates be included in the Administration's official response to the audit findings and recommendations.

Priority Class ¹⁶	Description
1	<p>Fraud or serious violations are being committed.</p> <p>Significant fiscal and/or equivalent non-fiscal losses are occurring.</p> <p>Costly and/or detrimental operational inefficiencies are taking place.</p> <p>A significant internal control weakness has been identified.</p>
2	<p>The potential for incurring significant fiscal and/or equivalent non-fiscal losses exists.</p> <p>The potential for costly and/or detrimental operational inefficiencies exists.</p> <p>The potential for strengthening or improving internal controls exists.</p>
3	<p>Operation or administrative process will be improved.</p>

¹⁶ The City Auditor is responsible for assigning audit recommendation priority class numbers. A recommendation which clearly fits the description for more than one priority class shall be assigned the higher priority.

Appendix B: Objectives, Scope, and Methodology

In accordance with the Office of the City Auditor's Fiscal Year 2020 Audit Work Plan, we conducted a performance audit of the City's Climate Action Plan. The overall objective was to:

Determine whether internal controls can be strengthened to ensure successful implementation of the City's Climate Action Plan, including review of:

- (1) Whether additional policies and procedures could improve oversight and coordination between the Sustainability Department and other City departments;
- (2) How Climate Action Plan Annual Reports are used by City departments and leaders to drive decision-making and tailor strategies going forward; and
- (3) Whether the Sustainability Department, relevant City departments, and/or a third-party perform some form of cost or benefit analyses for implementation measures.

Internal Controls Statement

Our review of internal controls was limited to those controls relevant to the audit objectives described above. Specifically, we reviewed policies and procedures related to CAP implementation, including formal documentation of the Sustainability Department's roles and responsibilities, such as those related to its oversight role in implementing the CAP and coordination with other City departments.

Objectives	Methodology
Whether additional policies and procedures could improve oversight and coordination between the Sustainability Department and other City departments;	<ul style="list-style-type: none">• Interviewed the Sustainability Department (Sustainability) and CAP-related City departments regarding undocumented practices related to CAP implementation.• Benchmarked the City's CAP against other municipalities' climate action plans for policies and procedures they have established to help implement their climate action plans.• Reviewed all 13 Sustainability Roundtable meeting agendas.• Surveyed City Council Offices for their perspective on CAP oversight and accountability.
How Climate Action Plan Annual Reports are used by City departments and leaders to drive decision-making and tailor strategies going forward; and	<ul style="list-style-type: none">• Interviewed Sustainability and CAP-related City departments regarding utilization of CAP monitoring reports to drive decision-making.• Benchmarked the City's CAP against other municipalities' climate action plans for decision-making.• Reviewed Environment Committee meetings related to the CAP Annual Report presentations.• Surveyed City Council Offices for their perspective on CAP monitoring and reporting.
Whether the Sustainability Department, relevant City departments, and/or a third-party perform some form of cost or benefit analyses for implementation measures.	<ul style="list-style-type: none">• Interviewed Sustainability and CAP-related City departments regarding cost or benefit analyses for CAP projects.• Benchmarked the City's CAP against other municipalities' climate action plans for cost or benefit analyses and prioritization mechanisms.

- Interviewed external stakeholders regarding cost or benefit analyses of climate action plans.
- Surveyed City Council Offices for their perspective on the usefulness of CAP cost estimates.

Compliance Statement

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives.

Appendix C: Timeline of the City's GHG Reduction Efforts

The City has taken efforts to address GHG emissions consistent with State recommendations.

Timeline/History

The City's current CAP is built on previous City efforts to reduce GHG emissions. In 2005, the City approved its Climate Protection Action Plan which focused on the City's mission to reduce greenhouse gas (GHG) emissions from municipal operations.

In 2006, the State of California (State) adopted the Global Warming Solutions Act of 2006 (Act) with the overall goal of reducing statewide GHG emissions to 1990 levels by 2020. The Act also tasked the California Air Resources Board (CARB) as the lead agency for implementing the Act, and in 2008 CARB developed a Scoping Plan outlining California's strategies to achieve the 2020 GHG emissions reduction target. Further, in 2015, the State issued Executive Order B-30-15 to extend the goals of the Act and set a 2030 and 2050 goal of reducing emissions by 40 percent and 80 percent, respectively from 1990 levels.

In 2008, the City adopted its General Plan, which committed the City to GHG emissions reduction, long-term conservation, sustainable growth, and resource management.

In 2010, the City embarked on the development of a more comprehensive climate action plan, which resulted in the City Council adopting the Climate Action Plan (CAP) in 2015.

The City recognizes that given the long planning horizon of the CAP, it may become necessary to modify the specific actions as circumstances

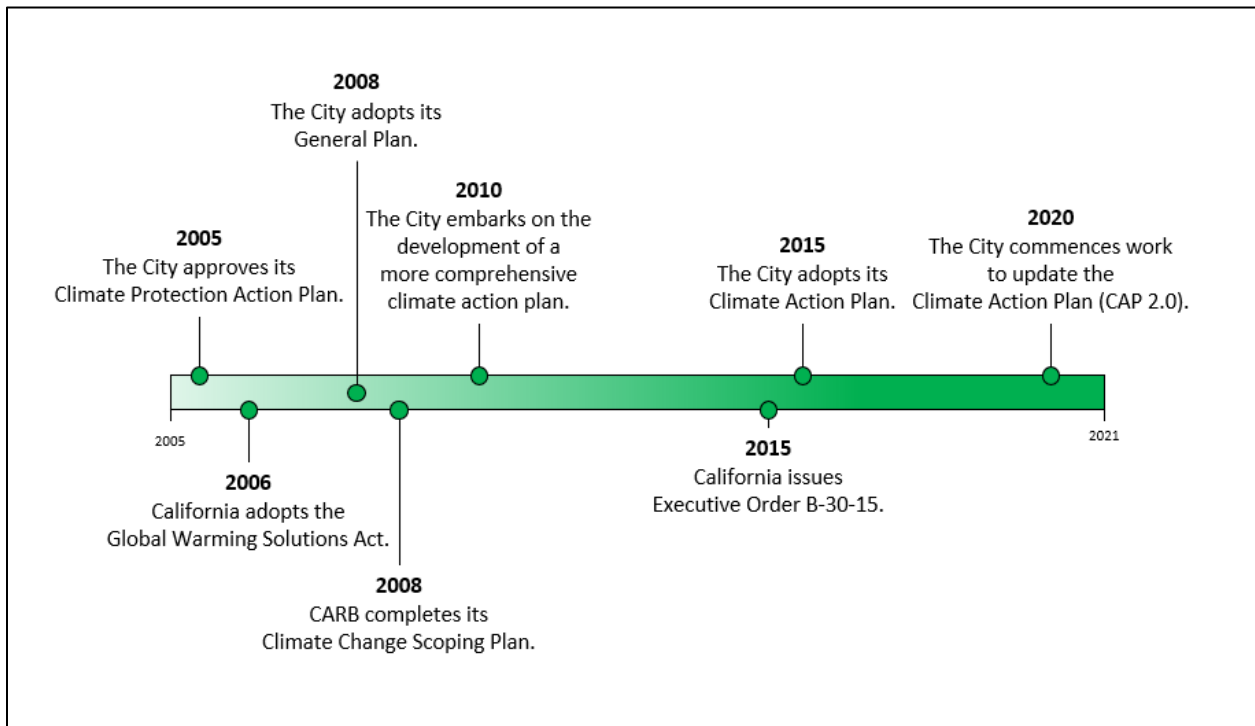
change over time. The City may also amend the CAP when circumstances—such as new available data and resources, state and federal legislation or regulations, new technology, new regional plans, and new standards in GHG emissions reduction calculations—require the CAP actions to provide additional flexibility of clarification.

In 2020, Sustainability began the process of updating the CAP; as of February 2021, it is still working on these efforts.

Exhibit 16 below provides a timeline of selected events impacting the City's CAP planning, adoption, and update efforts.

Exhibit 16

Timeline of Selected Events Impacting the City's Climate Action Plan Planning, Adoption, and Update Efforts



Source: OCA generated based on review of the City's General Plan, California Global Warming Solutions Act, the California Air Resources Board Scoping plans, the City's Climate Action Plan, and interviews with the Sustainability Department.



THE CITY OF SAN DIEGO

M E M O R A N D U M

DATE: February 17, 2021
TO: Andy Hanau, City Auditor
FROM: Erik Caldwell, Director/ Chief Sustainability Officer, Sustainability Department
via Jeff Sturak, Deputy Chief Operating Officer
SUBJECT: Management Response to Performance Audit of the Climate Action Plan

The purpose of this memorandum is to provide the Sustainability Department's (Sustainability) response to the Audit Report entitled "Performance Audit of the Climate Action Plan." The Audit's primary findings were:

- the City can strengthen its oversight mechanisms to ensure City departments stay on track to implement Climate Action Plan actions, and can better inform key decisionmakers of implementation progress; and
- the City can improve its fiscal planning efforts for Climate Action Plan implementation by developing a prioritization mechanism and estimating costs.

The Audit Report evaluated the implementation of the Climate Action Plan (CAP) and provided recommendations to establish oversight and accountability of implementation, as well as developing information on resource needs.

Recommendation #1: To formally establish responsibility and authority for oversight and accountability of CAP implementation, the City's Chief Operating Officer should adopt an Administrative Regulation that requires:

- CAP-related City departments to annually provide CAP workplans to the Sustainability Department for review and approval; the CAP workplans should outline the work the City departments plan on accomplishing for the following year.
- The City to formally establish roles within each City department involved in CAP implementation to act as a liaison and to drive forward CAP implementation within their respective department, including the responsibility of developing the annual workplan for the department.
- CAP-related City departments to annually request to docket their CAP annual workplans for presentation to the full City Council for budgetary considerations.
- The Sustainability Department to annually request to docket the CAP annual monitoring reports for presentation to the full City Council.
(Priority #1)

Management Response: Agree with recommendation

Management agrees with this recommendation. Workplans developed by departments should outline the work they will undertake in the forthcoming fiscal year to further the CAP implementation plan. The CAP implementation plan should reflect changes adopted by the Council after the ongoing CAP update process is completed and should also reflect guidance outlined by the Mayor and COO in the forthcoming Administrative Regulation. As such, management anticipates completion of the new administrative regulation in the Spring of 2022 soon after adoption of the updated climate action plan. We anticipate adoption of the CAP implementation plan in August of 2022, with full completion of this recommendation by December, 2022. Although full implementation will not occur for some time, the Sustainability Department will docket the CAP annual monitoring reports for presentation to the full City Council annually during the month of March.

Target implementation date: December, 2022 for adoption of the Administrative Regulation

Recommendation #2: In conjunction with the CAP 2.0 update, the Sustainability Department should conduct a staffing analysis to determine whether additional resources are needed to support the City's CAP implementation. Once the staffing analysis is completed, the Sustainability Department should present it to the Environment Committee. (Priority #1)

Management Response: Agree with recommendation

As a part of the process of updating the CAP, the Sustainability Department will request docketing of a CAP staffing analysis by the end of the calendar year. Additionally, as the CAP is updated, the revised document will include an updated staffing analysis.

Target implementation date: January 1, 2022

Recommendation #3: To strengthen opportunities for collaboration among City departments, the Sustainability Department should ensure that:

- Departmental Roundtable meetings are held at least quarterly. Roundtable meetings have time dedicated in the agenda specifically for departments to share the implementation status of CAP workplans and to discuss challenges and potential areas for collaboration and coordination. (Priority #3)

Management Response: Agree and fully implemented

Prior to the beginning of the audit, Sustainability held departmental roundtable meetings and will continue to do so moving forward on a quarterly basis. These meetings will include space for departments to share implementation status of CAP actions as well as challenges and areas for collaboration.

Completion date: Ongoing, quarterly meetings

Recommendation #4: To better inform the public and ensure City Council is aware of how the items they are voting on help to implement or support the CAP, the Sustainability Department should work with the Council President's office and Docket office to revise the staff report template to include a section to identify how an item helps to implement or support the CAP. (Priority #3)

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Andy Hanau, City Auditor
February 17, 2021

Management Response: Agree with recommendation

Sustainability will work with the Docketing Office to revise the staff report template.

Completion date: August 9, 2021

Recommendation #5: As part of City's CAP 2.0 update and to facilitate the prioritization of the City's limited resources for CAP implementation, the Sustainability Department should conduct an assessment and develop a rating system of CAP measures, such as cost estimates, staff resources, feasibility, GHG reductions, climate equity, and other benefits to help inform prioritization. (Priority #1)

Management Response: Agree with recommendation

Sustainability agrees with the inclusion of a rating system that includes additional considerations for CAP measures beyond greenhouse gas emission reductions. As part of the CAP update Sustainability will utilize third party experts to ascertain the best rating methodology and work to include a rating system of CAP measures.

Target implementation date: March 4, 2022

Recommendation #6: Once CAP 2.0 is developed, Sustainability should develop an implementation plan, including an estimate of associated costs, information on funding sources, and identification of funding gaps. Sustainability should consider seeking assistance, such as from the Department of Finance, Department of Performance and Analytics, or a consultant, if necessary. (Priority #2)

Management Response: Agree with recommendation

Sustainability sees value in developing an implementation plan as a follow up project after adoption of the updated CAP. Furthermore, as the implementation plan should drive department's annual workplans, full implementation of recommendation #1 is not possible prior to the completion of this recommendation.

Target implementation date: August 8, 2022

Thank you,



Erik Caldwell
Director/Chief Sustainability Officer, Sustainability Department

cc: Paola Avila, Chief of Staff, Office of the Mayor
Jay Goldstone, Chief Operating Officer
Nick Serrano, Deputy Chief of Staff, Office of the Mayor
Jessica Lawrence, Director of Policy, Office of the Mayor
Javier Gómez, Senior Advisor of Policy and Council Affairs, Office of the Mayor
Randy Wilde, Policy Advisor, Office of the Mayor
Libby Borg, Director, Docket Office
Heather Werner, Deputy Director, Sustainability Department
Ashley Rosia-Tremonti, Program Manager, Sustainability Department