The Auditor of the City and County of Denver is independently elected by the citizens of Denver. He is responsible for examining and evaluating the operations of City agencies and contractors for the purpose of ensuring the proper and efficient use of City resources and providing other audit services and information to City Council, the Mayor, and the public to improve all aspects of Denver’s government.

The Audit Committee is chaired by the Auditor and consists of seven members. The Audit Committee assists the Auditor in his oversight responsibilities regarding the integrity of the City’s finances and operations, including the reliability of the City’s financial statements. The Audit Committee is structured in a manner that ensures the independent oversight of City operations, thereby enhancing citizen confidence and avoiding any appearance of a conflict of interest.

Audit Committee

Timothy M. O’Brien, CPA, Chairman
Rudolfo Payan, Vice Chairman
Jack Blumenthal
Leslie Mitchell
Florine Nath
Charles Scheibe
Ed Scholz

Audit Management

Valerie Walling, CPA, CMC®, Deputy Auditor
Heidi O’Neil, CPA, CGMA, Director of Financial Audits

Audit Staff

Yvonne Harris-Lott, CPA, Audit Supervisor
Rudy M. Lopez, MS, Lead Auditor
Rob Farol, Senior Auditor
Roberta Holbrook, CPA, CGMA, Senior Auditor

You can obtain copies of this report by contacting us:

Office of the Auditor
201 West Colfax Avenue, #705
Denver CO, 80202
(720) 913-5000 • Fax (720) 913-5247

Or download and view an electronic copy by visiting our website at: www.denvergov.org/auditor
Report number: A2016-008
AUDITOR’S REPORT

We have completed an audit of the Office of Sustainability. The purpose of the audit was to determine whether the Office of Sustainability is positioned to accomplish its mission and has control mechanisms in place to adequately monitor and assess the City’s progression towards the 2020 Sustainability Goals.

As described in the attached report, our audit revealed that the Office of Sustainability does not have an overarching implementation plan for achieving the 2020 Sustainability Goals, and cannot provide the required annual report on the City’s progress towards achievement.

Through stronger policies, oversight, and authority, the Office of Sustainability will be able to help ensure that the 2020 Sustainability Goals will be achieved and enhance sustainability as a core business value for the City and County of Denver. Our report lists several related recommendations.

This performance audit is authorized pursuant to the City and County of Denver Charter, Article V, Part 2, Section 1, General Powers and Duties of Auditor, and was conducted 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 our audit objectives.

We extend appreciation to agency staff and city personnel who assisted and cooperated with us during the audit.

Denver Auditor’s Office

Timothy M. O’Brien, CPA
Auditor
In March 2013, the Office of Sustainability, under the direction of the Mayor, introduced the City’s 2020 Sustainability Goals. In total, there are 24 goals that link to 12 resources, including air quality, climate change, and water conservation. For each resource, there is one City goal and one community goal. City agencies such as the Department of Environmental Health, General Services, and Department of Public Works are responsible for implementing the 12 government goals. Additionally, these same City agencies partner with community leaders to help them progress towards achieving 12 community goals.

The audit found that the Office of Sustainability does not have sufficient authority or resources to ensure that the City’s 2020 Sustainability Goals are achieved. This was apparent in two areas. First, we noted that the Office of Sustainability does not have a strategic plan for implementing the 2020 Sustainability Goals. Although coordinating agencies such as the Department of Public Works and Community Planning Development have individual strategic plans that incorporate the agency’s sustainability efforts, there is no overarching strategic plan to ensure that agency-specific initiatives will be achieved to accomplish the Citywide objective of sustainability. We also noted, based on benchmarking against nine other cities, that Denver is the only city without a strategic plan for accomplishing its sustainability goals.

Second, we found that the Office of Sustainability does not have an effective mechanism in place to report on the City’s progression towards meeting the 2020 Sustainability Goals. Executive Order 123 requires such reporting on an annual basis. However, Executive Order 123 does not grant the Office of Sustainability the authority to establish or enforce reporting deadlines by which City agencies should provide the Office with updates regarding their sustainability initiatives. With only four years remaining until 2020, we found that minimal reporting exists to show how close the City is to meeting the 2020 Goals.
# TABLE OF CONTENTS

## INTRODUCTION & BACKGROUND
- Sustainability in the City and County of Denver

## SCOPE

## OBJECTIVE

## METHODOLOGY

## FINDING
- The Office of Sustainability Does Not Have Sufficient Authority or Resources To Ensure that the City’s 2020 Sustainability Goals Are Achieved
- The Office of Sustainability Does Not Have a Strategic Plan for Implementing the City’s 2020 Sustainability Goals
- The Office of Sustainability Does Not Have an Effective Mechanism for Reporting on Sustainability Goal Progress

## RECOMMENDATIONS

## APPENDIX
- Appendix A - City and County of Denver – 2020 Sustainability Goals

## AGENCY RESPONSE
INTRODUCTION & BACKGROUND

Sustainability in the City and County of Denver

Sustainability can broadly be characterized as the conditions under which people and nature “exist in productive harmony to support present and future generations.” The concept encompasses elements that impact the economy, society, and the environment. Many organizations, including the City and County of Denver (City), incorporate sustainability principles into their operations.

The City defines sustainability as “an end result and a process of planning and operating that provides for the needs of our people and businesses today without impairing our ability to continue providing for their needs in the future.” The City’s efforts to incorporate sustainability into its operations are led by the Mayor’s Office through the Office of Sustainability (Office), which was created in 2013. The Executive Order establishing the Office cited the City’s central purpose in pursuing sustainability as conducting “City communications, business transactions and governance in ways that will help to make the City a prosperous, world class community where people and nature thrive.” It also positioned sustainability as creating a competitive advantage for the City.

Sustainability Efforts Prior to the Creation of the Office of Sustainability

Prior to the creation of a formal office, sustainability efforts in the City began in earnest in 2005 with a focus on reducing greenhouse gas emissions.

Climate Protection Agreement—In February 2005, the U.S. Conference of Mayors launched an initiative to advance the goals of the Kyoto Protocol through leadership and action by American cities. In June 2005, former Mayor John Hickenlooper became one of the first mayors to sign the U.S. Conference of Mayors Climate Protection Agreement, and by July 2007, the agreement had been signed by 600 mayors in all 50 states and Puerto Rico. Signatories pledged to reduce carbon dioxide emissions by 7 percent from 1990 levels by 2012.

Greenprint Denver—Concurrent with the signing of the Climate Protection Agreement, Mayor Hickenlooper created Greenprint Denver, a program designed to assist the City in meeting its commitment to reducing greenhouse gas emissions. The Mayor also established the Greenprint Denver Advisory Council (Greenprint Council). This group consisted of three dozen business, civic, and community leaders whose mission was to advise the Mayor on the development of the agenda and actions of the Greenprint program.

Climate Action Plan—In 2006, the Greenprint Council launched a study to consider concrete steps that could be taken to reduce the City’s greenhouse gas emissions. For seven months, Council members worked with scientists and policy makers and hosted several public forums to gather community input. The result was the City’s first Climate Action Plan (Plan). Released in October 2007, the Plan made 10 recommendations for action, including incentivizing energy conservation,

---

2 Executive Order No. 123, Chapter 1 – Office of Sustainability.
3 The Kyoto Protocol is an international agreement whereby 141 industrialized countries committed to reduce the emission of greenhouse gases by the year 2012. It was negotiated in December 1997 in Kyoto, Japan, and subsequently came into force in February 2005.
enhancing existing recycling programs, and supporting alternative transportation strategies. With regard to greenhouse gas emission levels, the Plan set a more ambitious goal than that of the Mayors Climate Protection Agreement at 10 percent per capita below 1990 levels. Denver exceeded this goal in 2010 due in part to significant reductions in emissions from buildings and transportation.

In July 2011, Michael Hancock became Denver’s 45th Mayor and, as part of his transition, decided to expand the City’s sustainability initiative. He continued many of the Greenprint initiatives, added others, and evolved Greenprint Denver into a new cabinet-level office: the Office of Sustainability.

Creation of the Office of Sustainability and the City’s 2020 Sustainability Goals

In 2012, Mayor Michael Hancock created a new position for a Chief Sustainability Officer, who would be charged with transitioning Greenprint Denver into the Office of Sustainability. In March 2013, Mayor Hancock authorized Executive Order 123, which formally created the Office of Sustainability, establishing it as the successor to Greenprint Denver. Executive Order 123 also established key sustainability policies in 11 distinct areas.

Concurrently, Mayor Hancock announced the City’s 2020 Sustainability Goals (2020 Goals), which were to be implemented through City agencies, community partners, and public awareness campaigns.

Office of Sustainability—Executive Order 123 established the mission of the Office of Sustainability as providing leadership, guidance, and coordination to City agencies to implement its pursuit of sustainability. The primary functions of the Office as established through the Executive Order include establishing a vision of sustainability for the City, setting metrics for success, promoting sustainability as a core business value, promoting interagency cooperation, communicating sustainability as a public value, and partnering with community organizations, to name a few.

The Office is a small agency consisting of three Full-Time Equivalent employees (FTEs): a Chief Sustainability Officer, a Sustainability Strategist, and a Program Coordinator.4 The Office reports directly to the Mayor and has a modest budget that only covers the compensation of this small agency; the budget for 2016 was just over $293,000. The Office has access to the Mayor’s Donation Fund, when needed, to cover administrative expenses such as office supplies, seminars and operating costs for the Office’s annual sustainability summits. The cost associated with any other sustainability-related project or initiative is included in the City’s budget through the agency responsible for the development and implementation of the project. For example, the Transportation Division within Public Works was responsible for the construction costs associated with the expansion of dedicated bike lanes throughout the City. Although this project connects to the City’s 2020 Goals, the budget and actual costs for this project have been included in the 2016 budget for Public Works.

Sustainability Policies—in addition to creating the Office of Sustainability, Executive Order 123 established 11 sustainability policies relating to areas such as energy, water conservation, city land use, and climate control. The policies provide direction on how the City will incorporate sustainability throughout all agencies. For example, the sustainability policy that focuses on the

4 Prior to the issuance of this audit report, the former Program Coordinator resigned from employment with the Office of Sustainability. As reported to us by the Chief Sustainability Officer, the job duties and title associated with the position have been modified to better align with the current needs of the Office. The new job title is Event and Engagement Administrator.
City’s energy goal (Green Fleet Program) includes a requirement that directs the City’s Motor Service to replace, when needed, all City light-duty vehicles with hybrid, alternative fuel or the most fuel-efficient and least-polluting vehicles available.

2020 Sustainability Goals—Mayor Hancock rolled out the City’s 2020 Goals in conjunction with the announcement of the new Office of Sustainability. The 2020 Goals were developed by the Chief Sustainability Officer, the Mayor, personnel from other City agencies, and community members. According to the Chief Sustainability Officer, goal development was predicated on the following parameters, which were required by the Mayor:

- Goals should incorporate, to the greatest extent possible, goals and measures already used by City agencies that are included in various City plans, such as the Department of Community Planning and Development’s Blueprint Denver, Denver’s Solid Waste Master Plan, and the 2007 Climate Action Plan.
- Each goal must have a government-oriented goal and a community-oriented goal.
- Goals must be limited to one sentence and include a metric or metrics to measure progress.
  - For tandem government and community goals with the same metric, the government-oriented goals were to be more ambitious, demonstrating the City’s commitment to sustainability.5

The goals created using this guidance focus on 12 resource areas:

1. Air Quality
2. Climate Change
3. Energy
4. Food
5. Health
6. Housing
7. Land Use
8. Materials
9. Mobility
10. Water Quantity
11. Water Quality
12. Workforce

For each of the 12 resource areas, there is a government operations goal and a community goal. Due to the length of these goals when detailed in full, we have included them in Appendix A.

Operating Principles—The Office of Sustainability developed a set of Operating Principles to help execute its responsibilities as established in Executive Order 123. The Operating Principles include elements that were established as key to creating a culture of sustainability among City agencies

---

5 For example, one government goal was set to reduce waste disposed by City operations through delivery to a landfill by 30 percent over the 2012 baseline; the community goal was 20 percent.
and within the community. For example, the Agency’s Operating Principles define the Mayor’s commitment to sustainability, the Office of Sustainability’s responsibility to creating a culture of sustainability among all City agencies, and the inclusion of the community in the City’s sustainability efforts.

Supporting Committees

In addition to working directly with City agencies, the Office of Sustainability coordinates the implementation of sustainability activities through two separate supporting committees, one consisting of representatives of the City agencies with the most direct involvement in sustainability efforts and the other consisting of community volunteers.

- **Sustainability Implementation Committee**—The Sustainability Implementation Committee (SIC) includes senior management or senior staff representatives from City agencies with operations that significantly affect sustainability. At the time of the audit, the committee members included representatives of fourteen agencies, including the Budget and Management Office, the Department of Aviation (Denver International Airport), the Department of General Services, the Department of Parks and Recreation, and the Department of Public Works. The SIC meets every other month to:
  - Provide updates on current sustainability efforts within each agency;
  - Evaluate the effectiveness of Citywide sustainability initiatives to achieve established targets;
  - Recommend modifications of the City’s sustainability goals to the Mayor, as needed;
  - Coordinate on sustainability initiatives; and
  - Make recommendations to the Office of Sustainability for improvements on policies or programs.

- **Sustainability Advisory Council**—The Sustainability Advisory Council (SAC) is comprised of community volunteers and two City Officials, all of whom are appointed by the Mayor for two-year terms. The primary focus of the SAC is to assist the Office of Sustainability in promoting sustainability within the community. The Council also provides the Office with advice and recommendations concerning policies, programs, operations, budget, and fundraising. SAC members also connect staff with people and organizations that can provide advice, support, and resources for the operation of the Office.

Office of Sustainability Accomplishments

Over the past few years, the Office of Sustainability has taken steps to educate the City-including City agencies, residents, and businesses on sustainability-related issues and projects or initiatives affecting the City’s 2020 Goals. Below is a representative sample of events sponsored by the Office during 2015 and 2016:

**Sustainable Denver Summit**—In 2015, the Office of Sustainability created and hosted its first Sustainable Denver Summit bringing together over 330 leaders from businesses, non-profits, and

---

civic organizations. Along with presenting an updated 2015 Denver Climate Action Plan, new sustainability commitments were developed by Summit participants to help Denver achieve its 2020 Goals. In November 2016, the Agency held its second annual Sustainable Denver Summit. During this event, the number of participants increased to more than 500.

**Love This Place Challenge**—In May 2016, the Office of Sustainability launched the Love This Place Challenge. This initiative encourages citizens of Denver to participate in helping the City achieve its 2020 Goals and to promote sustainability Citywide. Through this program the Office of Sustainability is able to promote and educate citizens on sustainability efforts and events Citywide, as well as offer sustainability tips and provide links to sustainability programs. The Love This Place Challenge is intended to help promote sustainability efforts while gaining buy-in and participation from City agencies, community members, and businesses. For example, a link was provided to the Denver Digs Trees program, sponsored by the Park People and the City’s Department of Parks and Recreation. This program is intended to help offer discounted trees to Denver residents in order to help beautify the neighborhoods, enhance property values, shade homes, and conserve energy.

---

7 Love this Place Challenge – See the Office of Sustainability webpage for more information, https://www.denvergov.org/content/denvergov/en/office-of-sustainability/do-your-part.html.
SCOPE
The scope of the audit was to evaluate the extent to which the Office of Sustainability is positioned to lead and guide the City’s efforts towards sustainability and achieving the 2020 Sustainability Goals.

OBJECTIVE
The objectives of the audit were to determine whether:

- The Office of Sustainability is positioned to accomplish its mission; and
- The Office of Sustainability has efficient and effective processes in place to adequately monitor and assess the City’s progression towards the 2020 Sustainability Goals.

METHODOLOGY
We applied various audit methodologies during the audit process to gather and analyze information pertinent to the audit scope and to assist with developing and testing the audit objectives. The methodologies included the following:

- Reviewing and assessing Executive Order 123 and the 2020 Sustainability Goals
- Performing benchmarking activities against the sustainability efforts of other similar cities
- Reviewing national sustainability assessments, including the 2015 City Energy Efficiency Scorecard conducted by the American Council for an Energy-Efficient Economy (ACEEE) and the 2010 U.S. and Canada Green City Index conducted by Siemens
- Interviewing various City personnel from several agencies with significant involvement in City sustainability initiatives
- Conducting a focus group with members of the Sustainability Advisory Council
- Attending meetings of the Sustainability Implementation Committee and Sustainability Advisory Council
- Reviewing the 2015 Sustainability Summit Commitments
- Analyzing the 2020 Sustainability Goal Tracker
- Reviewing Department of Environmental Health’s Environmental Management System agency action plans
- Reviewing revenues and expenditures of the Office of Sustainability
FINDING

The Office of Sustainability Does Not Have Sufficient Authority or Resources To Ensure that the City’s 2020 Sustainability Goals Are Achieved

Sustainability has been promoted by the Mayor as a core business value for the City and County of Denver (City). In support of this core business value, the Mayor established the Office of Sustainability through the execution of Executive Order 123. Although Executive Order 123 represents the City’s formal policy on sustainability and provides a basic framework around the City’s approach to developing, implementing, and monitoring the City's progress towards achieving sustainability, it does not require a comprehensive strategic plan or grant the Office with sufficient enforcement authority necessary to help ensure the City’s success in meeting the 2020 Sustainability Goals (2020 Goals). Accordingly, we make three recommendations that, if implemented, will increase the likelihood that the City will achieve or make significant progress toward achieving the 2020 Goals.

The Office of Sustainability Does Not Have a Strategic Plan for Implementing the City’s 2020 Sustainability Goals

One of the primary objectives of this audit was to determine how effective the Office of Sustainability is at ensuring the City’s progression towards meeting the 2020 Goals. We determined that the Office does not have a defined strategy for the achievement of the 2020 Goals. A defined strategy can be accomplished through a formal strategic plan, which acts as a road map that describes how an organization is going to go about achieving its goals. For the Office of Sustainability, a strategic plan would provide direction and establish priorities for action. We based this conclusion on the benchmarking we performed against a sample of cities as well as what best practice guidance has to say about strategic planning as a vehicle for reaching established goals. Accordingly, auditors cannot say with certainty that the City is positioned to achieve its sustainability goals by the year 2020.

Nine Benchmark Cities Have Strategic Plans for Implementing Their Respective Sustainability Goals

To determine how other cities with sustainability initiatives are implementing their goals, we selected nine cities against which to benchmark Denver: Austin, Texas; Boston, Massachusetts; Boulder, Colorado; Chicago, Illinois; Minneapolis, Minnesota; Philadelphia, Pennsylvania; Portland, Oregon; San Francisco, California; and Seattle, Washington8. Through our benchmarking, we found that all nine benchmarked cities have a strategic plan to help reach their respective

---

8 Benchmarking selection criteria included population, density, organizational structure, and the cities’ ranking in the American Council for an Energy Efficient Economy’s (ACEEE) 2015 City Efficiency Scorecard.
sustainability goals; Denver’s Office of Sustainability was the only sustainability initiative that did not have a strategic plan in place.

All nine benchmark strategic plans had similar components for achieving their goals, including multiple strategies, targets, and initiatives associated with each goal. Other common plan components included the following:

- A statement from the city’s mayor and/or sustainability agency
- The sustainability agency’s mission
- A history of sustainability efforts in the city
- Each major sustainability goal area’s specific related strategies
- Targets and/or initiatives
- Community involvement
- Progress made toward achieving goals

These elements generally align with what public administration research says about what a strategic plan should include and how one should be implemented. The strategic planning process typically involves clarifying mission and values, developing a vision of the future, analyzing external challenges and opportunities, assessing internal strengths and weaknesses, developing strategic goals and objectives, identifying strategic issues, developing and evaluating alternative strategies, and developing action plans.9

**Management Best Practices Emphasize the Importance of Strategic Planning**

In addition to being used by the nine benchmark cities, strategic planning has been widely studied by public administration scholars and cited as an important element in strategic management. One scholar defined strategic planning as “a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is, what it does, and why it does it.”10 Practitioners cite this type of planning as beneficial. In fact, in a 2005 study of more than 500 municipal managers, a large majority of managers reported that they were satisfied with the implementation of their strategic initiatives; 90 percent of them affirmed that the benefits generated outweighed the costs of undertaking the efforts.11

At the federal level, strategic planning is not only common, but required and has been since 1993. Concerned that the federal government was more focused on program activities and processes than the results to be achieved, Congress passed the Government Performance and Results Act (the GPR Act). The act required federal agencies to develop strategic plans with long-term, outcome-oriented goals and objectives, annual goals linked to achieving the long-term goals, and annual reports on the results achieved. The U.S. Government Accountability Office (GAO) audited the GPR Act 10 years after enactment and reported that the act’s “requirements have laid a solid foundation of results-oriented agency

---

11 Poister and Streib, p. 54.
Many states have imposed similar results-oriented requirements through legislation or executive orders.

The importance of strategic planning is also underscored by guidance issued by the Government Finance Officers Association (GFOA), which recommends that all governmental entities use some form of strategic planning, positioning it as essential to fulfilling their missions, meeting their mandates, and satisfying their constituents. GFOA lays out 13 steps to carrying out a strategic planning process, one of which emphasizes the importance of creating an action plan. An action plan should describe how strategies will be implemented and include activities and services to be performed, associated costs, designation of responsibilities, priority order, and time frame involved for the organization to reach its strategic goals. The guidance also highlights the importance of systematically reviewing progress to evaluate the extent to which strategic goals have been met.

**Why Does the City Not Have a Strategic Plan for Achieving the 2020 Goals?**

Given the strong argument for government strategic planning, we sought to determine why the City does not have one connected to its Citywide sustainability initiative. According to the Chief Sustainability Officer, a strategic plan was not warranted given the Office’s current structure. The Executive Order established the office as a guiding, coordinating entity for leading Citywide sustainability efforts, rather than a function that would carry out project implementation. Thus, the Office does not believe that it is in a position to take ownership of the steps necessary for goal implementation that an overarching document such as a strategic plan would provide.

**The Lack of a Strategic Plan for Sustainability Has Several Negative Effects**

Without the foundation of a mission, goals, strategies, performance measures, and performance information possible through a well-designed strategic plan, the Office of Sustainability is not optimally positioned to fulfill the leadership role to which it has been called. The City’s broad commitment to sustainability must have an owner or it risks waning commitment and focus by a currently disconnected governance structure. Citizens demand accountability from their governments, and currently, there is no one person or entity within the City that is ultimately responsible for ensuring that the 2020 Goals remain a priority.

Accordingly, we recommend that the Office of Sustainability create a strategic plan that encompasses the City’s strategy and activities for meeting the 2020 Goals. Furthermore, the Office should work with other City agencies with specific projects or initiatives linked to the 2020 Goals as well as the Sustainability Implementation Committee to help ensure that each agency’s sustainability plan supports the Office’s overarching strategic plan. Finally, the Office’s strategic plan should include, at minimum, each of the 2020 Goals, specific strategies to achieve each goal, an action plan describing how the strategies will be implemented, and performance measures for each goal.

---

The Office of Sustainability Does Not Have an Effective Mechanism for Reporting on Sustainability Goal Progress

In addition to finding that the City does not have a strategic plan to guide sustainability efforts, we also noted that progress toward achieving the 2020 Goals is not being reported consistently. Executive Order 123 requires annual reporting on progress toward achieving sustainability goals. During the audit, we noted that several coordinating agencies such as the Department of Public Works, Department of Parks and Recreation and Department of Environmental Health, do provide the Chief of Staff with monthly reporting that include details about the agency’s sustainability efforts. However, we found that the Office of Sustainability has not produced any up-to-date reports detailing the City’s progress toward achieving the 2020 Goals. There is a 2016 report on progress toward the 12 community goals, but no corresponding report focused on the City’s progression towards the government operations goals.

Management Best Practices Emphasize the Importance of Monitoring and Reporting on Goal Progress

Monitoring the City’s progression towards the sustainability goals is a necessary step to ensuring the success of the City’s sustainability program. In our benchmark study, we noted that each of the cities provided periodic reporting on goal progress. Although the frequency of reporting varied among the nine benchmark cities, reporting was included in each city’s strategic plan, on the city’s website, or both.

One of the primary requirements of the GPR Act is for federal agencies to measure performance toward the achievement of their strategic goals and report annually on their progress in what are called program performance reports. For any goals that were not met, the report must include an explanation and suggest any actions needed to meet the goals in the future. Congress intended these reports to provide important information to agency managers, policymakers, and the public on what each agency accomplished during the year.

According to the federal Office of Management and Budget (OMB), the most useful program performance reports clearly communicate how the work of the agency benefits the public; explain the progress being made toward goals, as well as why progress may not be made in some areas; and provide confidence that the agency is doing everything it can to improve performance shortfalls.\(^\text{13}\) OMB also specifies that, when a goal was not achieved, the agency should provide a specific explanation for whether goal non-achievement is significant or material. The explanation should also demonstrate an understanding of why the performance shortfall occurred and the consequences.\(^\text{14}\)

Why Does the City Not Have Robust Reporting on Progress toward Achieving the 2020 Goals?

---


\(^{14}\) Ibid.
We identified several factors contributing to the lack of reporting on progress toward the 2020 Goals. First, Executive Order 123 does not grant the Office of Sustainability the authority to establish or enforce reporting deadlines by which City agencies should provide the Office with updates regarding their sustainability initiatives. Executive Order 123 provides the Office of Sustainability with leadership and guidance responsibilities, but it does not grant the Office explicit authority to require agencies to report on their sustainability progress—information that is required for the Office to compile a comprehensive report on Citywide progress toward the 2020 Goals. Further, the Order does not provide the Chief Sustainability Officer with the authority to take action for non-compliance. As a result, important information regarding agency progress toward the 2020 Goals is not systematically being communicated to the Office of Sustainability.

This issue is compounded by the fact that some reporting requires collaboration, either internally with City agencies, such as the Department of Environmental Health (DEH), or externally with community partners, such as Xcel Energy. For example, the calculation for the City’s Climate Change goal is based in part on Citywide electricity and natural gas consumption. This information must be provided by Xcel Energy to DEH. As reported to the audit team by the Office of Sustainability, DEH is waiting to receive the necessary 2016 information from Xcel Energy.

Finally, some of the 2020 Goals have proven difficult to measure. Although metrics have been incorporated into all the Goals, some do not have a defined measurement method. For example, the City’s Materials goal is to “reduce waste disposed by City operations through delivery to a landfill by 30 percent over the 2012 baseline.” Public Works has not been able to provide metrics related to this goal as currently the City has not defined a method to quantify this reduction.

Another example includes the City’s Food goal, which is based on acquiring “at least 25 percent of food purchased through Denver’s municipal government supply chain from sources that are produced (grown and processed) entirely within Colorado.” According to the Office of Sustainability, the Office of Economic Development has not yet been able to identify a method to track these purchases.

**The Ineffective Sustainability Reporting Framework Has Several Negative Effects**

In the absence of an accountability mechanism, there is no sense of urgency on the part of some City agencies to submit the information on their progress to the Office of Sustainability in a timely manner. This then requires the Office of Sustainability’s small staff to contact agencies to obtain the necessary data and information, without which they cannot update the Annual Sustainability Report. Any delays in this outreach process may impact the accuracy and reliability of the information provided and may not allow for proper review of the data for reasonableness.

By not regularly reporting on progress, the administration, individual agencies, and the public cannot know whether the City is on track for achieving the City’s 2020 Sustainability Goals.
City is on track for achieving the goals that were established in 2013. Furthermore, people and programs are not being recognized for their efforts in achieving the vision of sustainability laid out in Executive Order 123. Finally, stakeholders may lose interest in participating in sustainability efforts if they cannot see that progress is being made.

We recognize the inherent challenge in monitoring and reporting program accomplishments, and this same challenge was recognized by GAO in its 2004 audit of the GPR Act: “In some programs…outcomes are not quickly achieved or readily observed.” GAO also acknowledged the difficulty of developing meaningful, outcome-oriented performance goals and collecting performance data that can be used to assess results. GAO does not, however, relieve agencies of the difficult task of monitoring and reporting. With increased authority, the Office of Sustainability would be better positioned to receive the information it needs to fulfill its reporting requirement. GAO’s Standards for Internal Control in the Federal Government (commonly referred to as the Green Book) emphasize the importance of delegating appropriate authority to achieve an entity’s objectives. Although the Office of Sustainability does not currently have appropriate authority to achieve its reporting objectives, the Green Book also recommends that management take corrective actions when an internal control deficiency—such as insufficient authority—is identified.

Accordingly, the Office of Sustainability should review and, at a minimum, recommend changes to Executive Order 123, under the process provided in the March 2015 update to Executive Order 123, that will increase the Office’s oversight and enforcement authority, and designate specific agency responsibility, for ensuring that progress toward the 2020 Goals is being achieved. The amendment should include an accountability mechanism to hold agencies responsible for submitting required data and information to the Office of Sustainability in a timely manner. Additionally, specific responsibilities should be defined for reporting, and penalties should be established for not meeting submittal deadlines or submitting required data and information. Finally, the Office of Sustainability should work with agencies through the Sustainability Implementation Committee to develop and ensure that consistent reporting of sustainability performance and outcomes are included in the agency monthly reports to the Mayor and Chief of Staff, in order to assist in the monitoring, tracking, and achievement of the 2020 Goals. The Chief Sustainability Officer should also receive a sustainability update and progress information from each agency on a monthly basis.

15 Ibid.
RECOMMENDATIONS

We offer the following three recommendations to assist the Office of Sustainability in meeting the 2020 Sustainability Goals and ensuring that sustainability continues to be adopted as a core business value of the City and County of Denver.

1.1 The Office of Sustainability should develop a strategic plan that encompasses the City’s strategy and activities for achieving the 2020 Sustainability Goals. Furthermore, the Office should work with other City agencies with specific projects or initiatives linked to the 2020 Goals as well as the Sustainability Implementation Committee to help ensure that each agency’s sustainability plan supports the Office’s overarching strategic plan. Finally, the Office of Sustainability’s strategic plan should include, at minimum, each of the 2020 Goals, specific strategies to achieve each goal, an action plan describing how the strategies will be implemented, and performance measures for each goal.

Auditee Response: Agree, Implementation Date – Second Quarter of 2017

Auditee Narrative: The plan will consist of the 2020 goals, identification of coordinating and participating agencies for each goal, a set of strategies for how City departments will respond to each goal, a description of implementation actions, and performance measures. The plan will be based largely on strategy templates already provided by coordinating agencies, but will additional details and a more uniform format. OoS staff will provide training to coordinating agencies during the first quarter of 2017 and release the plan by the end of the second quarter.

1.2 The Office of Sustainability should review and, at a minimum, recommend changes to Executive Order 123 that will include specific language increasing the Office’s oversight and enforcement authority and designate specific agency responsibility for ensuring that progress toward the 2020 Goals is being achieved. This language should include an accountability mechanism to hold agencies responsible for submitting required data and information to the Office of Sustainability in a timely manner. Additionally, specific responsibilities should be defined for reporting and penalties should be established for not meeting submittal deadlines or submitting required data and information.

Auditee Response: Agree, Implementation Date – Second Quarter of 2017

Auditee Narrative: OoS currently has no oversight and enforcement authority. The Recommended revision will specify such authority and an accountability mechanism that will include penalties. OoS cannot assure the Auditor that is recommendations will be accepted but it will submit those recommendations as suggested here.
1.3 The Office of Sustainability should work with agencies through the Sustainability Implementation Committee to develop and ensure that consistent reporting of sustainability performance and outcomes are included in the agency monthly reports to the Mayor and Chief of Staff, in order to assist in the monitoring, tracking, and achievement of the 2020 Goals. The Chief Sustainability Officer should also receive from each agency a sustainability update and progress information on a monthly basis.

**Auditee Response: Agree, Implementation Date – First Quarter of 2017**

Auditee Narrative: OoS had already recommended this change to the Mayor and the Mayor had accepted the recommendations, but the process was on hold pending appointment of a new Chief of Staff. This process will now go forward. Our target to receive the first such monthly report by the end of April 2017 based on requirements distributed by the end of March.
## Appendix A - City and County of Denver – 2020 Sustainability Goals

<table>
<thead>
<tr>
<th>Resource</th>
<th>Government Operational Goal</th>
<th>Community Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air Quality</td>
<td>Reduce emissions of federal criteria pollutants from municipal operations by 1.5 percent per year below the baseline of 2012 or, if more stringent, to a level of full compliance with all federal, state and local laws relating to air emissions.</td>
<td>Attain all National Ambient Air Quality Standards.</td>
</tr>
<tr>
<td>Climate Change</td>
<td>Reduce greenhouse gas emissions from City government and DIA activities so that they contribute less than three percent of the level of emissions that would allow the community to meet the Community Goal (i.e. less than 354,000 mtCO2e).</td>
<td>Reduce total community-wide CO2e emissions from Denver to below the level of emissions in 1990, (i.e., less than 11.8 million mtCO2e).</td>
</tr>
<tr>
<td>Energy</td>
<td>Reduce energy consumed in city-operated building and vehicles by 20% while doubling renewable energy produced from city facilities over the 2012 baseline.</td>
<td>Hold total energy consumed in Denver for buildings, mobility and industrial processes below the total consumed in 2012, while cutting fossil fuel consumption by 50% from 2012 levels.</td>
</tr>
<tr>
<td>Food</td>
<td>Acquire at least 20 percent of food purchased through Denver’s municipal government supply chain from sources that are produced (grown or processed) entirely within Colorado.</td>
<td>Grow and process at least 20% of the food purchased in Denver entirely within Colorado.</td>
</tr>
<tr>
<td>Health</td>
<td>Work with health care providers (including Denver Health) to ensure that 95% of Denver residents have access to primary medical care.</td>
<td>Increase the percentage of children and adolescents in Denver who are at a healthy weight from 69% to 74%.</td>
</tr>
<tr>
<td>Housing</td>
<td>Develop at least 3,000 80% AMI Housing Units while siting at least 75% of them within ½ mile of a light rail station or ¼ mile of an enhanced bus corridor.</td>
<td>Ensure that at least 80 percent of neighborhoods in Denver are rated as &quot;affordable&quot; using the Center for Neighborhood Technology's H+T Index while preserving the diversity of the neighborhoods.</td>
</tr>
<tr>
<td>Land Use</td>
<td>Increase the walkability of Denver neighborhoods from Low to Medium and Medium to High as measured by the Denver-specific “walkscore” metric.</td>
<td>Move Denver’s Walk Friendly ration to Platinum from Gold.</td>
</tr>
<tr>
<td>Materials</td>
<td>Increase the City facility recycling rate to 40% or greater.</td>
<td>Increase the citywide recycling rate to 34% or greater.</td>
</tr>
<tr>
<td>Mobility</td>
<td>Provide incentives and other programs to City employees so that no more than 55% of these employees commute in single-occupant vehicles.</td>
<td>Provide mobility options (transit, carpooling, biking, walking) that reduce commuting travel in Denver done in single-occupant vehicles to no more than 60% of all trips.</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Water Quantity</td>
<td>Reduce use of potable water for irrigation of parks and golf courses by 22% to an 18 gpsf average, and reduce use of potable water in city buildings by 20% over the 2012 baseline.</td>
<td>Work with Denver Water to reduce per capita use of potable water in Denver by 22% (down to 165 gallons per day) over a 2001 baseline, and take additional steps using the City’s independent authority, in partnership with the Denver community, to keep the rate of increase in absolute consumption of potable water below the rate of population increase.</td>
</tr>
<tr>
<td>Water Quality</td>
<td>Achieve and maintain 100% compliance with existing and future MS4 permit requirements and reduce storm water outfall E. coli dry weather discharges in priority S. Platte river basins under current permit to 126 cfu/100 ml.</td>
<td>Make all Denver rivers and creeks swimmable and fishable.</td>
</tr>
<tr>
<td>Workforce</td>
<td>Provide workforce training and mobility incentive programs to CCD employees who live in transit deserts in Denver so that less than 55 percent of them drive to work alone most of the time.</td>
<td>Provide workforce training and mobility improvements so that less than 60 percent of workers who live in transit deserts and work in Denver drive to work alone most of the time.</td>
</tr>
</tbody>
</table>

Source: City and County of Denver, Office of Sustainability.
AGENCY RESPONSE

Office of Sustainability

December 30, 2016

Auditor Timothy O'Brien, CPA
Office of the Auditor
City and County of Denver
201 West Colfax Avenue, Dept. 705
Denver, Colorado 80202

Dear Mr. O'Brien,

The Office of the Auditor has conducted a performance audit of the Office of Sustainability.

This memorandum provides a written response for each reportable condition noted in the Auditor's Report final draft that was sent to us on December 21, 2016. This response complies with Section 26-276 (c) of the Denver Revised Municipal Code (D.R.M.C.).

AUDIT FINDING 1

The Office of Sustainability Does Not Have Sufficient Authority or Resources To Ensure that the City's 2020 Sustainability Goals Are Achieved

RECOMMENDATION 1.1

The Office of Sustainability should develop a strategic plan that encompasses the City's strategy and activities for achieving the 2020 Sustainability Goals. Furthermore, the Office should work with other City agencies with specific projects or initiatives linked to the 2020 Goals as well as the Sustainability Implementation Committee to help ensure that each agency's sustainability plan supports the Office's overarching strategic plan. Finally, the Office of Sustainability's strategic plan should include, at minimum, each of the 2020 Goals, specific strategies to achieve each goal, an action plan describing how the strategies will be implemented, and performance measures for each goal.

<table>
<thead>
<tr>
<th>Agree or Disagree with Recommendation</th>
<th>Target date to complete implementation activities (Generally expected within 60 to 90 days)</th>
<th>Name and phone number of specific point of contact for implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>Train during Q1 2017; issue plan during Q2 2017</td>
<td>Jerry Tinianow 720-865-9072</td>
</tr>
</tbody>
</table>

Narrative for Recommendation 1.1
The plan will consist of the 2020 goals, identification of coordinating and participating agencies for each goal, a set of strategies for how City departments will respond to each goal, a description of implementation actions, and performance measures. The plan will be based largely on strategy templates already provided by coordinating agencies, but with additional details and a more uniform format. OoS staff will provide training to coordinating agencies during the first quarter of 2017 and release the plan by the end of the second quarter.

RECOMMENDATION 1.2

The Office of Sustainability should review and, at a minimum, recommend changes to Executive Order 123 that will include specific language increasing the Office’s oversight and enforcement authority and designate specific agency responsibility for ensuring that progress toward the 2020 Goals is being achieved. This language should include an accountability mechanism to hold agencies responsible for submitting required data and information to the Office of Sustainability in a timely manner. Additionally, specific responsibilities should be defined for reporting and penalties should be established for not meeting submittal deadlines or submitting required data and information.

<table>
<thead>
<tr>
<th>Agree or Disagree with Recommendation</th>
<th>Target date to complete implementation activities (Generally expected within 60 to 90 days)</th>
<th>Name and phone number of specific point of contact for implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>OoS will submit recommended changes by the end of the second quarter of 2017</td>
<td>Jerry Tinianow 720-865-9072</td>
</tr>
</tbody>
</table>

Narrative for Recommendation 1.2

OoS currently has no oversight and enforcement authority. The recommended revision will specify such authority and an accountability mechanism that will include penalties. OoS cannot assure the Auditor that its recommendations will be accepted but it will submit those recommendations as suggested here.

RECOMMENDATION 1.3

The Office of Sustainability should work with agencies through the Sustainability Implementation Committee to develop and ensure that consistent reporting of sustainability performance and outcomes are included in the agency monthly reports to the Mayor and Chief of Staff, in order to assist in the monitoring, tracking, and achievement of the 2020 Goals. The Chief Sustainability Officer should also receive from each agency a sustainability update and progress information on a monthly basis.

<table>
<thead>
<tr>
<th>Agree or Disagree with Recommendation</th>
<th>Target date to complete implementation activities</th>
<th>Name and phone number of specific point of</th>
</tr>
</thead>
</table>

Page 2 of 3
<table>
<thead>
<tr>
<th>Agree</th>
<th>(Generally expected within 60 to 90 days)</th>
<th>contact for implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Updated requirements for monthly reporting will be instituted by the end of the first quarter of 2017</td>
<td>Jerry Tinianow 720-865-9072</td>
</tr>
</tbody>
</table>

**Narrative for Recommendation 1.3**

OoS had already recommended this change to the Mayor and the Mayor had accepted the recommendation, but the process was on hold pending appointment of a new Chief of Staff. This process will now go forward. Our target is to receive the first such monthly report by the end of April 2017 based on requirements distributed by the end of March.

Please contact Jerry Tinianow at 720-865-9072 with any questions.

Sincerely,

Jerry Tinianow  
Chief Sustainability Officer

cc: Valerie Walling, Deputy Auditor, CPA,CMC  
Yvonne Harris-Lott, Audit Supervisor