



**City of Tucson, Arizona**  
**Report on Applying Agreed-Upon Procedures**  
**Biennial Certification of Land Use**  
**Assumptions, Infrastructure Improvement Plan**  
**and Impact Fees**  
for the Period July 31, 2014 through June 30, 2016

**CITY OF TUCSON, ARIZONA  
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## **INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES**

Honorable Mayor and Members of the City Council  
City of Tucson, Arizona

We have performed this agreed-upon procedures engagement to assist management of the City of Tucson, Arizona (City), in complying with the requirement as set forth in Arizona Revised Statutes (A.R.S.) 9-463.05.G.2 “to provide for a biennial certified audit of the municipality’s land use assumptions, infrastructure improvements plan and development fees”. We have performed the procedures identified below, which were agreed to by the management of City of Tucson, Arizona, solely to assist management of the City in evaluating the City’s compliance with the progress reporting requirements of the infrastructure improvement plan for the period from July 31, 2014 through June 30, 2016, as specified in A.R.S. 9-463.05.G.2. Management is responsible for the City of Tucson, Arizona’s compliance with those requirements.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purposes.

We have applied the following procedures:

1. Compare growth projections to include square footage of buildings, housing units, population and employment, as reported in the Land Use Assumptions Final Report dated July 29, 2014, to actual current amounts for the proportionate 10-year projections. A list of all variances will be reported.
2. Select a sample of 60 building permits issued and determine fees were charged in accordance with authorized fee schedules and that each permit holder is charged the same rate as another equivalent permit holder.
3. Select a sample of 60 expenditures and determine that the expenditure was associated with an approved project in the City’s IIPs.
4. Evaluate any inequities in implementing the plan or imposing the development fee through recalculating impact fees at the transaction level for the sample mentioned in procedure 2 above.

5. Obtain the fiscal year 2015 and 2016 Schedule of Project Expenditures – Budget Basis (see Appendix) from the City-prepared Annual Development Impact Fees Report documenting the progress of each project identified in the Infrastructure Improvement Plans (IIPs) and agree expenditures to the underlying accounting records.

The accompanying Results of Procedures describes the items we noted.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of City of Tucson, Arizona, and is not intended to be and should not be used by anyone other than these specified parties.



Heinfeld, Meech & Co., P.C.  
Tucson, Arizona  
October 13, 2017

**CITY OF TUCSON, ARIZONA  
RESULTS OF PROCEDURES**

**PROCEDURE NO. 1**

Compare growth projections to include square footage of buildings, housing units, population and employment, as reported in the Land Use Assumptions Final Report dated July 29, 2014, to actual current amounts for the proportionate 10-year projections. A list of all variances will be reported.

**Exception:**

Variances were noted for square footage, housing units, and population growth as reported in the Land Use Assumptions Final Report when compared to actual results. In addition, the City did not maintain a list of employment growth by service area.

**Management Response:**

By State Statute ARS 9-463.05 the City Of Tucson is required to update the Land Use Assumptions Report at least every five years and not on an annual or biennial basis. The City will update the report with current data prior to 2019, including employment growth, keeping in compliance with what is required by the State of Arizona. Assumptions of equal growth of land development and the resulting fees averaged over a set period of time do not reflect the reality of how development occurs. Variances should be expected for a number of reasons: the state of the economy, actual market conditions versus projected market conditions, and the demand and availability of different types of land use.

**SQUARE FOOTAGE OF BUILDINGS**

Note: The projected amounts for square footage growth assume equal growth for each year of the 10-year period.

	<b>2015</b>			
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance %</u>
<b>Retail</b>				
Central	138,000	18,352	(119,648)	-87%
East	78,200	11,976	(66,224)	-85%
Southeast	177,000	2,250	(174,750)	-99%
Southlands	12,300		(12,300)	-100%
West	55,300	9,458	(45,842)	-83%
<b>Office</b>				
Central	311,800	11,686	(300,114)	-96%
East	243,300	122,108	(121,192)	-50%
Southeast	521,200		(521,200)	-100%
Southlands	66,300		(66,300)	-100%
West	138,400	13,476	(124,924)	-90%
<b>Industrial</b>				
Central	57,100	72,256	15,156	27%
East	37,900	64,701	26,801	71%
Southeast	816,400	7,200	(809,200)	-99%
Southlands	83,100		(83,100)	-100%
West	1,064,400	125,746	(938,654)	-88%

**CITY OF TUCSON, ARIZONA  
RESULTS OF PROCEDURES**

PROCEDURE NO. 1 (Continued)

**SQUARE FOOTAGE OF BUILDINGS**

	<b>2016</b>			
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance %</u>
<b>Retail</b>				
Central	138,000	7,438	(130,562)	-95%
East	78,200	76,613	(1,587)	-2%
Southeast	177,000	16,661	(160,339)	-91%
Southlands	12,300		(12,300)	-100%
West	55,300	58,070	2,770	5%
<b>Office</b>				
Central	311,800	38,077	(273,723)	-88%
East	243,300	99,452	(143,848)	-59%
Southeast	521,200	4,842	(516,358)	-99%
Southlands	66,300		(66,300)	-100%
West	138,400	14,421	(123,979)	-90%
<b>Industrial</b>				
Central	57,100	12,050	(45,050)	-79%
East	37,900	58,652	20,752	55%
Southeast	816,400	8,215	(808,185)	-99%
Southlands	83,100		(83,100)	-100%
West	1,064,400	216,903	(847,497)	-80%

**CITY OF TUCSON, ARIZONA  
RESULTS OF PROCEDURES**

PROCEDURE NO. 1 (Continued)

**HOUSING UNITS AND POPULATION BY SERVICE AREA**

Note: The projected amounts for housing units and population assume equal growth for each year of the 10-year period with the incremental total presented for each year.

	<b>2015</b>			
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance %</u>
<b>Multi-Family/Apartments</b>				
Central	318	422	105	33%
East	103	164	61	59%
Southeast	232		(232)	-100%
Southlands	5		(5)	-100%
West	168	2	(166)	-99%
<b>Condo/Townhome</b>				
Central	100	10	(90)	-90%
East	85		(85)	-100%
Southeast	138		(138)	-100%
Southlands	6		(6)	-100%
West	65		(65)	-100%
<b>Single Family</b>				
Central	261	46	(215)	-82%
East	401	15	(386)	-96%
Southeast	938	140	(798)	-85%
Southlands	19	15	(4)	-21%
West	219	64	(155)	-71%
<b>Resident Population</b>				
Central	155,122	150,907	(4,215)	-3%
East	176,321	169,707	(6,614)	-4%
Southeast	66,821	61,639	(5,182)	-8%
Southlands	15,971	12,826	(3,145)	-20%
West	122,894	120,977	(1,917)	-2%

**CITY OF TUCSON, ARIZONA  
RESULTS OF PROCEDURES**

PROCEDURE NO. 1 (Continued)

**HOUSING UNITS AND POPULATION BY SERVICE AREA**

	<b>2016</b>			
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance %</u>
<b>Multi-Family/Apartments</b>				
Central	318	38	(280)	-88%
East	103	208	105	102%
Southeast	232		(232)	-100%
Southlands	5		(5)	-100%
West	168	26	(142)	-85%
<b>Condo/Townhome</b>				
Central	100		(100)	-100%
East	85		(85)	-100%
Southeast	138		(138)	-100%
Southlands	6		(6)	-100%
West	65	1	(64)	-98%
<b>Single Family</b>				
Central	261	47	(214)	-82%
East	401	15	(386)	-96%
Southeast	938	101	(837)	-89%
Southlands	19	7	(12)	-63%
West	219	84	(135)	-62%
<b>Resident Population</b>				
Central	156,715	153,195	(3,520)	-2%
East	177,914	170,088	(7,826)	-4%
Southeast	70,403	62,216	(8,187)	-12%
Southlands	16,051	13,483	(2,568)	-16%
West	124,009	120,084	(3,925)	-3%



**CITY OF TUCSON, ARIZONA  
RESULTS OF PROCEDURES**

**EMPLOYMENT BY SERVICE AREA**

Note: The projected amounts for employment growth assume equal growth for each year of the 10-year period.

<b>2015</b>				
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance %</u>
<b>Industrial</b>				
Central	23		(23)	-100%
East	15		(15)	-100%
Southeast	327		(327)	-100%
Southlands	33		(33)	-100%
West	426		(426)	-100%
<b>Office</b>				
Central	780		(780)	-100%
East	608		(608)	-100%
Southeast	1,303		(1,303)	-100%
Southlands	166		(166)	-100%
West	346		(346)	-100%
<b>Retail</b>				
Central	230		(230)	-100%
East	130		(130)	-100%
Southeast	295		(295)	-100%
Southlands	21		(21)	-100%
West	92		(92)	-100%

<b>2016</b>				
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance %</u>
<b>Industrial</b>				
Central	23		(23)	-100%
East	15		(15)	-100%
Southeast	327		(327)	-100%
Southlands	33		(33)	-100%
West	426		(426)	-100%
<b>Office</b>				
Central	780		(780)	-100%
East	608		(608)	-100%
Southeast	1,303		(1,303)	-100%
Southlands	166		(166)	-100%
West	346		(346)	-100%
<b>Retail</b>				
Central	230		(230)	-100%
East	130		(130)	-100%
Southeast	295		(295)	-100%
Southlands	21		(21)	-100%
West	92		(92)	-100%

**CITY OF TUCSON, ARIZONA  
RESULTS OF PROCEDURES**

PROCEDURE NO. 2

Select a sample of 60 building permits issued and determine fees were charged in accordance with authorized fee schedules and that each permit holder is charged the same rate as another equivalent permit holder. Any waivers of fees will be reported investigated for proper authorization.

No exceptions noted.

PROCEDURE NO. 3

Select a sample of 60 expenditures and determine that the expenditure was associated with an approved project in the City's IIPs.

No exceptions noted.

PROCEDURE NO. 4

Evaluate any inequities in implementing the plan or imposing the development fee through recalculating impact fees at the transaction level for the sample mentioned in procedure 2 above.

No exceptions noted.

PROCEDURE NO. 5

Obtain the fiscal year 2015 and 2016 Schedule of Project Expenditures – Budget Basis (see Appendix) from the City-prepared Annual Development Impact Fees Reports documenting the progress of each project identified in the Infrastructure Improvement Plans (IIPs) and agree expenditures to the underlying accounting records.

No exceptions noted.

## **APPENDIX**

**City of Tucson**  
**Development Impact Fees**  
**Schedule B: Schedule of Project Expenditures - Budget Basis**  
**Fiscal Year Ended June 30, 2015 (Unaudited)**

Program Area	Fund	Project	Location	Expenditures
<b>Streets</b>				
East District	064		Valencia:	
		Valencia: Alvernon to Kolb	Alvernon to Kolb	215,709
		Houghton Road/Broadway	Houghton	
		Intersection Improvements	Road/Broadway	383,266
West District	033	Impact Fee Program Update - Shared Cost at 2.18%	N/A	2,077
East District	034	Impact Fee Program Update - Shared Cost at 19.05%	N/A	18,155
Central District	035	Impact Fee Program Update - Shared Cost at 18.51%	N/A	17,639
		Arroyo Chico, MUP, Tucson Blvd.	Arroyo Chico/ Tucson Blvd.	605
Southeast District	036	Impact Fee Program Update - Shared Cost at 16.38%	N/A	15,611
Southlands District	037	Impact Fee Program Update - Shared Cost at 6.39%	N/A	6,093
			<b>Streets Total</b>	<b>\$ 659,155</b>

**City of Tucson**  
**Development Impact Fees**  
**Schedule B: Schedule of Project Expenditures - Budget Basis**  
**Fiscal Year Ended June 30, 2015 (Unaudited)**

Program Area	Fund	Project	Location	Expenditures
<b>Parks</b>				
West District	063	Christopher Columbus Park Expansion	4600 N. Silverbell Road - 85746	100
East District	064	Parks Strategic Plan	N/A	18,560
West District	033	Impact Fee Program Update - Shared Cost at 3.97%	N/A	3,783
East District	034	Impact Fee Program Update - Shared Cost at 3.36%	N/A	3,205
Central District	035	Impact Fee Program Update - Shared Cost at 6.06%	N/A	5,772
		Quincie Douglas and Silverlake Park Expansion	1575 E. 36th Street - 85713	91,966
		Arroyo Chico Urban Path	Reid Park to Santa Cruz River Park	144,162
Southeast District	036	Impact Fee Program Update - Shared Cost at 5.92%	N/A	5,644
		Purple Heart Park Expansion	10050 E. Rita Road - 85747	135,553
Southlands District	037	Impact Fee Program Update - Shared Cost at 3.98%	N/A	3,792
			<b>Parks Total</b>	<b><u>\$ 412,537</u></b>

**City of Tucson**  
**Development Impact Fees**  
**Schedule B: Schedule of Project Expenditures - Budget Basis**  
**Fiscal Year Ended June 30, 2015 (Unaudited)**

Program Area	Fund	Project	Location	Expenditures
<b>Police</b>				
Police	021	Park Ajo Communication Center Expansion	4004 S. Park Avenue - 85714	890,340
Police	031	Impact Fee Program Update - Shared Cost at 9.30%	N/A	8,867
		Park Ajo Communication Center Expansion	4004 S. Park Avenue - 85714	179,319
<b>Police Total</b>				<b>\$ 1,078,526</b>
<b>Fire</b>				
Fire	022	Park Ajo Communication Center Expansion	4004 S. Park Avenue - 85714	1,507,964
Fire	032	Impact Fee Program Update - Shared Cost at 4.90%	N/A	4,675
		Park Ajo Communication Center Expansion	4004 S. Park Avenue - 85714	194,601
<b>Fire Total</b>				<b>\$ 1,707,240</b>
<b>Grand Total</b>				<b>\$ 3,857,458</b>

**City of Tucson**  
**Development Impact Fees**  
**Schedule B: Schedule of Project Expenditures - Budget Basis**  
**Fiscal Year Ended June 30, 2016 (Unaudited)**

Program Area	Fund	Project	Location	Expenditures
<b>Streets</b>				
West District	063	Sunset; Silverbell to I-10 to River	Sunset; Silverbell to I-10 to River	\$ 500,000
		Silverbell Road: Grant to Ina	Silverbell Road: Grant to Ina	1,503,875
East District	064	Valencia; Alvernon to Kolb	Valencia; Alvernon to Kolb	731
		Houghton Road/Broadway Intersection Improvements	Houghton Road/Broadway	243,423
		Houghton Road: 22nd Street to Irving	Houghton Road: 22nd Street to Irving	591
		Speedway: Camino Seco to Houghton	Speedway: Camino Seco to Houghton	345
Central District	065	Campbell Avenue Revitalization	Campbell Avenue	166,746
		Broadway: Euclid to Country Club	Broadway: Euclid to Country Club	148
Southeast District	066	Houghton Road: Irvington to Valencia	Houghton Road: Irvington to Valencia	1,778
East District	034	Houghton Road/Broadway Intersection Improvements	Houghton Road/Broadway	1,338,755
Central District	035	Arroyo Chico, MUP, Tucson Blvd.	Arroyo Chico/ Tucson Blvd.	1,631
Southeast District	036	Valencia; Alvernon to Kolb	Valencia; Alvernon to Kolb	10
<b>Streets Total</b>				<b>\$ 3,758,032</b>

**City of Tucson**  
**Development Impact Fees**  
**Schedule B: Schedule of Project Expenditures - Budget Basis**  
**Fiscal Year Ended June 30, 2016 (Unaudited)**

<b>Program Area</b>	<b>Fund</b>	<b>Project</b>	<b>Location</b>	<b>Expenditures</b>
<b>Parks</b>				
East District	064	Parks Strategic Plan	N/A	\$ 237,073
Central District	065	Reid Park Expansion - Phase I	1100 S. Randolph Way - 85713	9,649
West District	033	Kennedy Park	3700 S. Mission Road - 85713	30,708
Central District	035	Quincie Douglas and Silverlake Park Expansion	1575 E. 36th Street - 85713	4,652
		Arroyo Chico Urban Path	Reid Park to Santa Cruz River Park	633
Southeast District	036	Purple Heart Park Expansion	10050 E. Rita Road - 85747	\$ 239,782
<b>Parks Total</b>				<b>\$ 522,496</b>
<b>Police</b>				
Police	021			\$ -0-
Police	031			-0-
<b>Police Total</b>				<b>\$ -0-</b>
<b>Fire</b>				
Fire	022	Park Ajo Communication Center Expansion	4004 S. Park Avenue - 85714	\$ 4,404
<b>Fire Total</b>				<b>\$ 4,404</b>
<b>Public Facilities</b>				
Public Facilities	023			\$ -0-
<b>Public Facilities Total</b>				<b>\$ -0-</b>
<b>Grand Total</b>				<b>\$ 4,284,932</b>