



**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 1, 2018 through June 30, 2020

**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’s (City), with the requirement 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”. As such, we have performed the procedures identified below, solely to assist users in evaluating the City’s compliance with the progress reporting requirements of the infrastructure improvement plan for the period from July 1, 2018 through June 30, 2020, as specified in A.R.S. 9-463.05.G.2. City of Tucson, Arizona’s management is responsible for its compliance with those requirements.

City of Tucson, Arizona’s management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting users in determining whether the City complied with the specified requirements. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

We have applied the following procedures:

1. Compared growth projections to include square footage of buildings, housing units, population and employment, as reported in the Land Use Assumptions Final Report to actual current amounts for the proportionate 10-year projections. A list of all variances will be reported.
2. Selected a sample of 60 building permits issued and determined 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. Selected a sample of 60 expenditures and determined that the expenditure was associated with an approved project in the City’s Infrastructure Improvements Plans.
4. Evaluated 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. Obtained the fiscal year 2019 and 2020 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 agreed expenditures to the underlying accounting records.

The accompanying Results of Procedures describes the items we noted.

We were engaged by City of Tucson, Arizona’s management to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with the specified requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of City of Tucson, Arizona’s management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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. PC*

Heinfeld, Meech & Co., P.C.

Tucson, Arizona

September 8, 2021

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

**PROCEDURE NO. 1**

Compared growth projections to include square footage of buildings, housing units, population and employment, as reported in the Land Use Assumptions Final Report 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, 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>2019</b>			
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance %</u>
<b>Retail</b>				
Central	138,000	50,671	(87,329)	-63%
East	78,200	9,002	(69,198)	-88%
Southeast	177,000	18,031	(158,969)	-90%
Southlands	12,300	2,943	(9,357)	-76%
West	55,300	90,379	35,079	63%
<b>Office</b>				
Central	311,800	126,717	(185,083)	-59%
East	243,300	201,652	(41,648)	-17%
Southeast	521,200	45,192	(476,008)	-91%
Southlands	66,300		(66,300)	-100%
West	138,400	123,280	(15,120)	-11%
<b>Industrial</b>				
Central	57,100	105,843	48,743	85%
East	37,900	151,088	113,188	299%
Southeast	816,400	45,759	(770,641)	-94%
Southlands	83,100	1,608	(81,492)	-98%
West	1,064,400	157,500	(906,900)	-85%

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

PROCEDURE NO. 1 (Continued)

**SQUARE FOOTAGE OF BUILDINGS**

	<b>2020</b>			
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance %</u>
<b>Retail</b>				
Central	138,000	19,245	(118,755)	-86%
East	78,200	21,058	(57,142)	-73%
Southeast	177,000	11,240	(165,760)	-94%
Southlands	12,300		(12,300)	-100%
West	55,300	36,430	(18,870)	-34%
<b>Office</b>				
Central	311,800	121,763	(190,037)	-61%
East	243,300	128,292	(115,008)	-47%
Southeast	521,200	48,073	(473,127)	-91%
Southlands	66,300		(66,300)	-100%
West	138,400	149,147	10,747	8%
<b>Industrial</b>				
Central	57,100	14,184	(42,916)	-75%
East	37,900	282,479	244,579	645%
Southeast	816,400	4,994	(811,406)	-99%
Southlands	83,100		(83,100)	-100%
West	1,064,400	27,150	(1,037,250)	-97%

**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>2019</b>			
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance %</u>
<b>Multi-Family/Apartments</b>				
Central	318	767	450	142%
East	103	6	(97)	-94%
Southeast	232		(232)	-100%
Southlands	5		(5)	-100%
West	168	124	(44)	-26%
<b>Condo/Townhome</b>				
Central	100	7	(93)	-93%
East	85	1	(84)	-99%
Southeast	138		(138)	-100%
Southlands	6		(6)	-100%
West	65		(65)	-100%
<b>Single Family</b>				
Central	261	111	(150)	-57%
East	401	174	(227)	-57%
Southeast	938	404	(534)	-57%
Southlands	19	24	5	26%
West	219	107	(112)	-51%
<b>Resident Population</b>				
Central	160,689	155,885	(4,804)	-3%
East	181,888	176,451	(5,437)	-3%
Southeast	79,345	76,973	(2,372)	-3%
Southlands	16,249	15,763	(486)	-3%
West	126,791	123,001	(3,790)	-3%

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

PROCEDURE NO. 1 (Continued)

**HOUSING UNITS AND POPULATION BY SERVICE AREA**

	<b>2020</b>			
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance %</u>
<b>Multi-Family/Apartments</b>				
Central	318	1,468	1,151	362%
East	103	38	(65)	-63%
Southeast	232	194	(38)	-16%
Southlands	5	168	163	3194%
West	168	158	(10)	-6%
<b>Condo/Townhome</b>				
Central	100	13	(87)	-87%
East	85	4	(81)	-95%
Southeast	138		(138)	-100%
Southlands	6		(6)	-100%
West	65		(65)	-100%
<b>Single Family</b>				
Central	261	275	15	6%
East	401	497	96	24%
Southeast	938	1,013	75	8%
Southlands	19	45	26	137%
West	219	407	188	86%
<b>Resident Population</b>				
Central	162,224	157,374	(4,850)	-3%
East	183,423	177,940	(5,483)	-3%
Southeast	82,799	80,324	(2,475)	-3%
Southlands	16,326	15,838	(488)	-3%
West	127,866	124,044	(3,822)	-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>2019</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>2020</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

Selected 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

Selected a sample of 60 expenditures and determine that the expenditure was associated with an approved project in the City's Infrastructure Improvement Plans.

#### Exception:

For two of 60 expenditures reviewed, the expenditures were related to the Himmel Park project which was not authorized by the Infrastructure Improvements Plan until fiscal years 2021-25.

#### Management Response:

In order to prevent the further utilization of funding early, the City will more closely monitor the sequencing of spending related to Developmental Impact Fees.

### PROCEDURE NO. 4

Evaluated 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

Obtained the fiscal year 2019 and 2020 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 agreed expenditures to the underlying accounting records.

#### Exception:

The fiscal year 2019 Schedule of Project Expenditures – Budget Basis obtained from the City-prepared Annual Development Impact Fees Report was not complete as it does not include the expenditures for streets projects in the amount of \$2,874,029.

#### Management Response:

The lack of inclusion of streets projects in the City's prepared and published Annual Development Impact Fee report was an oversight. The City is in the process of revamping how it conducts its annual Capital Improvements Projects process, which the Annual Development Impact Fee report is a part of. Going forward streets projects will be part of the prepared and published Annual Development Impact Fee report.

## **APPENDIX**

**City of Tucson**  
**Development Impact Fees**  
**Schedule B: Schedule of Project Expenditures - Budget Basis**  
**Fiscal Year Ended June 30, 2019 (Unaudited)**

Program Area	Fund	Project	Location	Expenditures
<b>Parks</b>				
West District	063	A Mountain Improvement	1001 S Sentinel Peak Rd - 85745	\$ 1,663
		Cherry Avenue Improvements	5085 S. Cherry Avenue - 85706	89,560
East District	064	Jesse Owens Park	400 S. Sarnoff Drive - 85710	238,416
		Palo Verde Park	425 S Mann Avenue - 85710	135,658
Central District	065	Limberlost Family Park ADA and Pathway Project	4255 N. 4th Avenue - 85705	12,707
		Reid Park Expansion - Phase I	900 S. Randolph Way - 85716	277,318
West District	033	A Mountain Improvement	1001 S Sentinel Peak Rd - 85745	19,451
		Cherry Avenue Improvements	5085 S. Cherry Avenue - 85706	10,771
		Christopher Columbus Park Expansion	4300 N Silverbell Rd - 85745	71,683
		Lakeside Park Improvements	8201 E. Stella Road - 85730	62
		San Juan Park	1665 S. La Cholla Blvd - 85713	7,673
East District	034	Jesse Owens Park	400 S. Sarnoff Drive - 85710	15,238
Central District	035	Arroyo Chico Urban Path	Reid Park to Santa Cruz River Park	
		Himmel Park Improvements	1000 N. Tucson Blvd - 85716	274,365
		Limberlost Family Park ADA and Pathway Project	4255 N. 4th Avenue - 85705	16,252
		Reid Park Expansion - Phase I	900 S. Randolph Way - 85716	152,409
		Silverlake Park	2420 S. Kino Parkway - 85716	279,042
Southeast District	036	Lakeside Park Improvements	8201 E. Stella Road - 85730	183,320
		Purple Heart Park Expansion	9800 E. Rita Road - 85747	14,556
<b>Parks Total</b>				<b>\$ 1,800,144</b>
<b>Fire</b>				
Fire	032	Park Ajo Communication Center Expansion	4004 S. Park Avenue - 85714	\$ 8,108
<b>Fire Total</b>				<b>\$ 8,108</b>
<b>Public Facilities</b>				
Public Facilities	023	Permitting Expenses		\$ 108,568
<b>Public Facilities Total</b>				<b>\$ 108,568</b>
<b>Grand Total</b>				<b>\$ 2,534,139</b>

**City of Tucson**  
**Development Impact Fees**  
**Schedule B: Schedule of Project Expenditures - Budget Basis**  
**Fiscal Year Ended June 30, 2020 (Unaudited)**

Program Area	Fund	Project	Location	Expenditures
<b>Streets</b>				
Southeast District	066	Houghton Road: Union Pacific Railroad to I-10	Houghton Road: Union Pacific Railroad to I-10	\$ (584)
		Houghton: Valencia to Mary Ann Cleveland	Houghton: Valencia to Mary Ann Cleveland	761
East District	034	Broadway: Camino Seco to Houghton Road	Broadway: Camino Seco to Houghton Road	2,705,467
		Camino Seco to Wrightstown	Camino Seco: Speedway to Wrightstown	394,602
		Houghton Road: Tanque Verde to Broadway	Houghton Road: Tanque Verde to Broadway	32,822
Central District	035	22nd Street: I-10 to Kino	22nd Street: I-10 to Kino	10,788
		First Avenue: River to Grant	First Avenue: River to Grant	78,919
		Grant: Oracle to Stone	Grant: Oracle to Stone	1,166,320
Southeast District	036	Valencia: Kolb to Houghton	Valencia: Kolb to Houghton	143,586
Southland District	037	Houghton Road: I-10 to Andrada Road	Houghton Road: I-10 to Andrada Road	834,858
<b>Streets Total</b>				<b>\$ 5,367,539</b>
<b>Parks</b>				
West District	063	A Mountain Improvement	1001 S Sentinel Peak Rd - 85745	\$ 208,242
East District	064	Jesse Owens Park	400 S. Sarnoff Drive - 85710	(29,000)
		Palo Verde Park	425 S Mann Avenue - 85710	256
Central District	065	Reid Park Expansion - Phase I	900 S. Randolph Way - 85716	108,021
West District	033	A Mountain Improvement	1001 S Sentinel Peak Rd - 85745	28,774
East District	034	Jesse Owens Park	400 S. Sarnoff Drive - 85710	6,016
Central District	035	Arroyo Chico Urban Path	Reid Park to Santa Cruz River Park	74,323
		Himmel Park Improvements	1000 N. Tucson Blvd - 85716	57,582
		Reid Park Expansion - Phase I	900 S. Randolph Way - 85716	167,547
Southeast District	036	Lakeside Park Improvements	8201 E. Stella Road - 85730	22,397
		Purple Heart Park Expansion	9800 E. Rita Road - 85747	6,131
<b>Parks Total</b>				<b>\$ 650,289</b>
<b>Public Facilities</b>				
Public Facilities	023	Permitting Expenses		\$ 1,248,363
<b>Public Facilities Total</b>				<b>\$ 1,248,363</b>
<b>Grand Total</b>				<b>\$ 7,266,191</b>