



**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, 2016 through June 30, 2018

**CITY OF TUCSON, ARIZONA  
TABLE OF CONTENTS**

<b><u>CONTENTS</u></b>	<b><u>PAGE</u></b>
Independent Accountant's Report on Applying Agreed-Upon Procedures	1
Results of Procedures	3
Appendix – Schedule of Project Expenditures – Budget Basis	10

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, on the City of Tucson, Arizona's (City) application of requirements 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". Such procedures, which were agreed to by the management of City of Tucson, Arizona, were performed to assist management in evaluating the City's compliance with the progress reporting requirements of the infrastructure improvement plan for the period from July 1, 2016 through June 30, 2018, 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. 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 purpose.

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 2017 and 2018 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.

This agreed-upon procedures engagement was conducted 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, the objective of which would be the expression of an opinion or conclusion on the City's compliance with the requirements described above. 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.

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.*

Heinfeld, Meech & Co., P.C.  
Tucson, Arizona  
January 8, 2019

**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, 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>2017</b>			
	Projected	Actual	Variance	Variance %
<b>Retail</b>				
Central	138,000	7,698	(130,302)	-94%
East	78,200	6,014	(72,186)	-92%
Southeast	177,000	1,078	(175,922)	-99%
Southlands	12,300		(12,300)	-100%
West	55,300	5,700	(49,600)	-90%
<b>Office</b>				
Central	311,800	69,596	(242,204)	-78%
East	243,300	8,883	(234,417)	-96%
Southeast	521,200	1,445	(519,755)	-100%
Southlands	66,300		(66,300)	-100%
West	138,400	8,575	(129,825)	-94%
<b>Industrial</b>				
Central	57,100	15,054	(42,046)	-74%
East	37,900	9,354	(28,546)	-75%
Southeast	816,400	29,400	(787,000)	-96%
Southlands	83,100		(83,100)	-100%
West	1,064,400	30,707	(1,033,693)	-97%

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

PROCEDURE NO. 1 (Continued)

**SQUARE FOOTAGE OF BUILDINGS**

	<b>2018</b>			
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance %</u>
<b>Retail</b>				
Central	138,000	19,167	(118,833)	-86%
East	78,200	18,900	(59,300)	-76%
Southeast	177,000	16,923	(160,077)	-90%
Southlands	12,300	25,175	12,875	105%
West	55,300	27,771	(27,529)	-50%
<b>Office</b>				
Central	311,800	22,063	(289,737)	-93%
East	243,300	22,821	(220,479)	-91%
Southeast	521,200		(521,200)	-100%
Southlands	66,300		(66,300)	-100%
West	138,400	3,218	(135,182)	-98%
<b>Industrial</b>				
Central	57,100	49,180	(7,920)	-14%
East	37,900	50,241	12,341	33%
Southeast	816,400		(816,400)	-100%
Southlands	83,100		(83,100)	-100%
West	1,064,400	90,152	(974,248)	-92%

**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>2017</b>			
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance %</u>
<b>Multi-Family/Apartments</b>				
Central	318	102	(216)	-68%
East	103		(103)	-100%
Southeast	232	38	(194)	-84%
Southlands	5		(5)	-100%
West	168		(168)	-100%
<b>Condo/Townhome</b>				
Central	100		(100)	-100%
East	85		(85)	-100%
Southeast	138		(138)	-100%
Southlands	6		(6)	-100%
West	65		(65)	-100%
<b>Single Family</b>				
Central	261	186	(75)	-29%
East	401	96	(305)	-76%
Southeast	938	257	(681)	-73%
Southlands	19	30	11	58%
West	219	122	(97)	-44%
<b>Resident Population</b>				
Central	157,785	152,369	(5,416)	-3%
East	178,984	172,840	(6,144)	-3%
Southeast	72,811	70,312	(2,499)	-3%
Southlands	16,104	15,551	(553)	-3%
West	124,758	120,475	(4,283)	-3%

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

PROCEDURE NO. 1 (Continued)

**HOUSING UNITS AND POPULATION BY SERVICE AREA**

	<b>2018</b>			
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance %</u>
<b>Multi-Family/Apartments</b>				
Central	318	16	(302)	-95%
East	103	4	(99)	-96%
Southeast	232		(232)	-100%
Southlands	5		(5)	-100%
West	168	2	(166)	-99%
<b>Condo/Townhome</b>				
Central	100		(100)	-100%
East	85	2	(83)	-98%
Southeast	138		(138)	-100%
Southlands	6		(6)	-100%
West	65		(65)	-100%
<b>Single Family</b>				
Central	261	73	(188)	-72%
East	401	134	(267)	-67%
Southeast	938	211	(727)	-78%
Southlands	19	29	10	53%
West	219	64	(155)	-71%
<b>Resident Population</b>				
Central	159,090	153,009	(6,081)	-4%
East	180,289	173,397	(6,892)	-4%
Southeast	75,748	72,852	(2,896)	-4%
Southlands	16,169	15,551	(618)	-4%
West	125,672	120,868	(4,804)	-4%



**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>2017</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>2018</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 2017 and 2018 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, 2017 (Unaudited)

Program Area	Fund	Project	Location	Expenditures
<b>Streets</b>				
West District	063	Silverbell Road: Grant to Ina Sunset: Silverbell to I-10 to River	Silverbell Road: Grant to Ina Sunset: Silverbell to I-10 to River	\$ 504,427 1,663,917
East District	064	Houghton Road/Broadway Intersection Improvements	Houghton Road/Broadway	(128,680)
		Houghton Road: 22nd Street to Irvington	Houghton Road: 22nd Street to Irvington	75,761
Central District	065	22nd: I-10 to Kino Grant: Oracle to Stone	22nd: I-10 to Kino Grant: Oracle to Stone	42,697 25,878
West District	033	Irvington Road - 5CR to I-19 Silverbell Road: Grant to Ina Sunset: Silverbell to I-10 to River	Irvington Road - SCR to I-19 Silverbell Road: Grant to Ina Sunset: Silverbell to I-10 to River	240,236 1,393,602 336,083
East District	034	Houghton Road/Broadway Intersection Improvements Speedway: Camino Seco to Houghton	Houghton Road/Broadway Speedway: Camino Seco to Houghton	2,892,678 47,360
Central District	035	Arroyo Chico, MUP, Tucson Blvd.	Arroyo Chico/ Tucson Blvd.	464
Southeast District	036	Valencia; Alvernon to Kolb Houghton Road: Irvington to Valencia	Valencia; Alvernon to Kolb Houghton Road: Irvington to Valencia	88 241,458
<b>Streets Total</b>				<b>\$ 7,335,969</b>

City of Tucson  
Development Impact Fees  
Schedule B: Schedule of Project Expenditures - Budget Basis  
Fiscal Year Ended June 30, 2017 (Unaudited)

Program Area	Fund	Project	Location	Expenditures
<b>Parks</b>				
West District	063	Christopher Columbus Park Expansion	4600 N Silverbell Rd - 85745	\$ 7,770
		San Juan Park	1665 S. La Cholla Blvd - 85713	600
East District	064	Arcadia Park - Phase I	N Arcadia Ave	94
		Parks Strategic Plan	N/A	23,344
Central District	065	Limberlost Family Park ADA and Pathway Project	4255 N. 4th Avenue - 85705	10,404
		Reid Park Expansion - Phase I	1100 S. Randolph Way - 85713	9,928
Southeast District	066	Purple Heart Park Expansion	10050 E. Rita Road - 85747	2,800
West District	033	A Mountain Improvement	A Mountain	22,434
		Kennedy Park	3700 S. Mission Road - 85713	3,193
East District	034	Jesse Owens Park	400 S. Sarnoff Drive - 85710	6,574
Central District	035	Arroyo Chico Urban Path	Reid Park to Santa Cruz River Park	6,929
Southeast District	036	Groves Park Playground Project	7400 E. Juniper Drive - 85730	15,564.00
		Lakeside Park Improvements	8201 E. Stella Road - 85730	4,260.00
		Lincoln Park Playground	4325 S. Pantano Road - 85730	13,885.00
		Purple Heart Park Expansion	10050 E. Rita Road - 85747	3,995.00
<b>Parks Total</b>				<b>\$ 131,774</b>
<b>Police</b>				
Police	031			\$ -0-
<b>Police Total</b>				<b>\$ -0-</b>
<b>Fire</b>				
Fire	032			\$ -0-
<b>Fire Total</b>				<b>\$ -0-</b>
<b>Public Facilities</b>				
Public Facilities	023			\$ -0-
<b>Public Facilities Total</b>				<b>\$ -0-</b>
<b>Grand Total</b>				<b>\$ 7,467,743</b>

City of Tucson  
Development Impact Fees  
Schedule B: Schedule of Project Expenditures - Budget Basis  
Fiscal Year Ended June 30, 2018 (Unaudited)

Program Area	Fund	Project	Location	Expenditures
<b>Streets</b>				
West District	063	Silverbell Road: Grant to Ina Sunset: Silverbell to I-10 to River	Silverbell Road: Grant to Ina Sunset: Silverbell to I-10 to River	\$ 39,666
East District	064	Valencia; Alvernon to Kolb Houghton Road/Broadway Intersection Improvements	Valencia; Alvernon to Kolb Houghton Road/Broadway	19,134 7,134
		Houghton Road: 22nd Street to Irvington	Houghton Road: 22nd Street to Irvington	593,501
		Broadway Camino Seco to Houghton	Broadway; Camino Seco to Houghton	10,490
Central District	065			
		Broadway: Euclid to Country Club 22nd: I-10 to Kino	Broadway: Euclid to Country Club 22nd: I-10 to Kino	1,881,996 1,214,187
		Grant: Oracle to Stone	Grant: Oracle to Stone	2,080,701
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	13,909
West District	033	Irvington Road - SCR to I-19 Silverbell Road: Grant to Ina	Irvington Road - SCR to I-19 Silverbell Road: Grant to Ina	646,262 721,514
East District	034	Houghton Road/Broadway Intersection Improvements	Houghton Road/Broadway	917
Central District	035			259,565
		Broadway: Euclid to Country Club Grant: Oracle to Stone	Broadway: Euclid to Country Club Arroyo Chico/ Tucson Blvd.	712,651
Southeast District	036	Valencia; Alvernon to Kolb Houghton Road: Irvington to Valencia	Valencia; Alvernon to Kolb Houghton Road: Irvington to Valencia	111,334 355,115
<b>Streets Total</b>				<b>\$ 8,668,662</b>

City of Tucson  
Development Impact Fees  
Schedule B: Schedule of Project Expenditures - Budget Basis  
Fiscal Year Ended June 30, 2018 (Unaudited)

Program Area	Fund	Project	Location	Expenditures
<b>Parks</b>				
West District	063	San Juan Park	1665 S. La Cholla Blvd - 85713	\$ 2,532
East District	064	Jesse Owens Park	400 S. Sarnoff Drive - 85710	408,033
Central District	065	Limberlost Family Park ADA and Pathway Project	4255 N. 4th Avenue - 85705	3,418
		Reid Park Expansion - Phase I	1100 S. Randolph Way - 85713	56,038
West District	033	Christopher Columbus Park Expansion	4600 N Silverbell Rd - 85745	29,277
		San Juan Park	1665 S. La Cholla Blvd - 85713	32,987
		Lakeside Park Improvements	8201 E. Stella Road - 85730	347
		Cherry Avenue Improvements	5085 S. Cherry Avenue - 85706	1,126
East District	034	Jesse Owens Park	400 S. Sarnoff Drive - 85710	367,210
Central District	035	Silverlake Park	1575 E. 36th Street - 85713	8,694
		Reid Park Expansion - Phase I	1100 S. Randolph Way - 85713	46,472
		Limberlost Family Park ADA and Pathway Project	4255 N. 4th Avenue - 85705	125,037
		Himmel Park Improvements	1000 N. Tucson Blvd - 85716	34,459
		Arroyo Chico Urban Path	Reid Park to Santa Cruz River Park	368
Southeast District	036	Groves Park Playground Project	7400 E. Juniper Drive - 85730	172,467
		Lakeside Park Improvements	8201 E. Stella Road - 85730	15,921
		Lincoln Park Playground	4325 S. Pantano Road - 85730	211,778
		Purple Heart Park Expansion	10050 E. Rita Road - 85747	54,548
<b>Parks Total</b>				<b>\$ 1,570,709</b>
<b>Police</b>				
Police	031	Park Ajo Communication Center Expansion	4004 S. Park Avenue - 85714	70,457
<b>Police Total</b>				<b>\$ 70,457</b>
<b>Fire</b>				
Fire	032	Park Ajo Communication Center Expansion	4004 S. Park Avenue - 85714	9,776
<b>Fire Total</b>				<b>\$ 9,776</b>
<b>Public Facilities</b>				
Public Facilities	023			\$ -0-
<b>Public Facilities Total</b>				<b>\$ -0-</b>
<b>Grand Total</b>				<b>\$ 10,319,604</b>