

COB - BOSAIR FORM

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Submitted by Michelle.Guardado@pima.gov



BOARD OF SUPERVISORS AGENDA ITEM REPORT (BOSAIR)

All fields are required. Enter N/A if not applicable. For number fields, enter 0 if not applicable.

Award Type:	Agenda Item
BOSAIR Activity:	Board Meeting Request
Requested Board Meeting Date:	07/14/2026
Project Title / Description:	Roadway Development Impact Fee Audit FY23 and FY24


Agenda Item Report

Introduction / Background:	Pima County is required, pursuant to Arizona Revised Statute A.R.S. § 11-1102(I)(2), to conduct a biennial certified audit of the roadway development impact fee program, make the report available for public review and hold a public hearing before the Board of Supervisors within 60 days of the release of the audit to the public. The audit was performed by Heinfeld Meech & Co., P.C., a qualified professional accounting firm, that analyzed the land use assumptions, infrastructure improvement plan, and development fees.
Discussion:	The biennial certified audit for FY23 and FY24 was conducted and the report was published on the Transportation webpage on June 4, 2026. Notice of the hearing was published in the Daily Territorial on June 11, 12 and 15, 2026. The audit report and findings are presented for public hearing by the Board of Supervisors.
Conclusion:	The audit identified variances in projections of population, employment, and residential permits; one erroneous impact fee charge; and project expenditures erroneously charged to impact fees, all of which have been corrected.
Recommendation:	No action is necessary
Fiscal Impact:	No impact
Support of Prosperity Initiative:	N/A
Provide information that explains how this activity supports the selected Prosperity Initiative	N/A
Board of Supervisor District:	<ul style="list-style-type: none"> • 1 • 2 • 3 • 4 • 5

Department: Transportation

Name: Jonathan Crowe (Administrative Contact: Michelle Guardado, 724-2663)

Telephone: 520-724-6410

Department Director Signature:  _____ Date: 6/29/2026 | 9:50 AM MST

Deputy County Administrator Signature:  _____ Date: 6/29/2026 | 2:47 PM MST

County Administrator Signature:  _____ Date: 6/29/2026 | 4:30 PM MST



Pima County Department of Transportation
Report on Applying Agreed-Upon Procedures
Biennial Certification of Land Use Assumptions,
Infrastructure Improvement Plan
and Development Impact Fees
For the Period July 1, 2022 through June 30, 2024

**Pima County Department of Transportation
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Independent Accountant's Report on Applying Agreed-Upon Procedures

Members of the Pima County Board of Supervisors

We have performed this agreed-upon procedures engagement to assist management of Pima County Department of Transportation (County), with the requirement set forth in Arizona Revised Statutes (A.R.S.) 11-1102.I.2 to "provide for a biennial certified audit of the county'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 County's compliance with the progress reporting requirements of the infrastructure improvement plan for the period from July 1, 2022 through June 30, 2024, as specified in A.R.S. 11-1102.I.2. Pima County Department of Transportation's management is responsible for its compliance with those requirements.

Pima County Department of Transportation'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 County 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:

The progress of the infrastructure improvements plan.

- a. Compared growth projections for 2023 and 2024 related to population, employment, and residential permits as reported in the Infrastructure Improvement Plan (IIP) to actual results. A list of all variances are reported in the Summary of Findings.
- b. Obtained a County-prepared report (see Appendix A) documenting the progress of each project identified in the Infrastructure Improvement Plan (IIP) and performed the following procedures:
 - i. Agreed expenditures as of June 30, 2024, to the underlying accounting records.
 - ii. Agreed amounts reported as estimated cost to complete to underlying accounting records.

The collection and expenditures of development impact fees for each project in the plan.

- c. Selected a sample of 40 building permits issued and determined fees were charged in accordance with authorized fee schedules and that each permit holder was charged the same rate as another equivalent permit holder. Any inequities in the imposition of development fees are reported in the Summary of Findings.
- d. Selected a sample of 40 expenditures and determined that the expenditures were associated with an approved project in the County's IIP.

Evaluating any inequities in implementing the plan or imposing the development impact fee.

- e. Determined each developer/unit was charged the same rate as another equivalent developer/unit by recalculating impact fees at the transaction level for the sample mentioned in step c. above.
- f. Determined that there were no instances in which the County waived development impact fees, except as allowed for under A.R.S. 11-254.06.C and A.R.S. 11-1102.B.15.

The accompanying Summary of Findings describes the findings we noted.

We were engaged by Pima County Department of Transportation'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 Pima County Department of Transportation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the management of Pima County Department of Transportation, 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
April 13, 2026

**Pima County Department of Transportation
Summary of Findings**

Finding No. 1

Variances were noted for growth projections for population, employment and residential permits as reported in the Infrastructure Improvement Plan when compared to actual results. All variances are reported below.

Population					
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance %</u>	
2023	3,184	2,499	(685)	-22%	
2024	2,514	864	(1,650)	-66%	

Residential Permits					
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance %</u>	
2023	1,000	1,548	548	55%	
2024	1,000	1,909	909	91%	

Employment					
	<u>Projected</u>		<u>Actual</u>		<u>Variance</u>
	<u>(Unincorporated Pima)</u>	<u>% Growth</u>	<u>(Pima All)</u>	<u>% Growth</u>	
2023	825	0.98%	3,566	0.76%	-0.21%
2024	825	0.97%	4,785	1.01%	0.05%

Management Response:

Population growth in 2023 and 2024 was less than projected in 2020, particularly for 2024 (66%). Residential permits were higher than projected (55% and 91%). These forecasts were updated and are included in the 2025 Land Use Assumptions report. Employment data for unincorporated Pima County was not currently available, so projected employment was compared to Pima County as a whole. As shown, the projected rate of growth for unincorporated Pima County is comparable to the actual employment for the entire County with only minor variances.

Finding No. 2

For one of 40 building permits reviewed, determined the fee charged was not in accordance with the authorized fee schedule.

Management Response:

A refund is being issued for this permit.

Finding No. 3

For seven of 40 expenditures reviewed, determined the expenditures were not associated with an approved project in the County’s Infrastructure Improvement Plan.

Management Response:

The seven charges are being corrected and will be paid with non-impact fee funds.

**Pima County Department of Transportation
Appendix A
Progress of 2020 Infrastructure Improvement Plan Projects**

Service Area	Project Name	Project Description	Total Project	Cost to	Expenditures Prior Years	Expenditures FY 22-23	Expenditures FY 23-24	Total Development	Estimated Cost to Complete	Status
			Cost	Development				Costs through FY23-24		
Central	Valencia Road	Widening, Kolb to Old Vail	\$ 12,600,000	\$ 3,151,503						Under Construction*
	Swan Road at Los Reales Road	Improve Intersection	\$ 2,000,000	\$ 2,000,000					\$ 2,000,000	Future
	Intelligent Transportation System	Coordinate 17 Traffic Signals	\$ 733,771	\$ 733,771	\$ 733,771			\$ 733,771		Completed
	Country Club Road	Right-of-way Acquisition	\$ 5,424,518	\$ 5,424,518					\$ 5,424,518	Future
Southeast	Houghton Road	Widening, Golf Links to Escalante	\$ 14,400,000	\$ 4,162,206					\$ 14,400,000	Future
	Valencia Road	Construct 2-lane Rd, Houghton to Old Spanish Trail	\$ 16,000,000	\$ 6,559,309	\$ 839,215	\$ 1,440,150	\$ 1,438,750	\$ 3,718,115		Completed**
	Intelligent Transportation System	Coordinate 2 Traffic Signals	\$ 86,326	\$ 86,326		\$ 86,326		\$ 86,326		Completed
	Houghton Road	Widening, I-10 to Andrada High School	\$ 34,800,000	\$ 11,468,518	\$ 126,112	\$ 6,948,658	\$ 1,293,975	\$ 8,368,745	\$ 26,431,255	Under Construction
	Colossal Cave Road	Turn Lanes/ Intersection Improvements	\$ 3,068,410	\$ 3,068,410					\$ 3,068,410	Future
North	Silverbell Road	Widening, Sunset to Sunset Dunes and Benjamin to Abington	\$ 18,000,000	\$ 6,400,000						Deleted from 2025 IIP
	Orange Grove Road	Widening, La Canada to Oracle	\$ 10,800,000	\$ 4,680,931					\$ 10,800,000	Future
	Sunset Road	Construct New Road from I-10 to River	\$ 11,381,500	\$ 3,104,669	\$ 3,023,808	\$ 88,331		\$ 3,112,139	\$ 8,269,361	Under Construction
	Linda Vista Road	Turn Lanes, Hartman to Cam de Oeste	\$ 900,000	\$ 900,000					\$ 900,000	Future
	Intelligent Transportation System	Coordinate 38 Traffic Signals	\$ 1,640,194	\$ 1,640,194	\$ 1,640,194			\$ 1,640,194		Completed
Northeast	First Avenue	Widening, Orange Grove to Ina	\$ 6,556,000	\$ 361,622						Deleted from 2025 IIP
	Houghton Road	Widening, Speedway to Drachman	\$ 9,000,000	\$ 1,173,691						Deleted from 2025 IIP
	Houghton Road/Catalina Highway	Improve Intersection	\$ 2,000,000	\$ 2,000,000					\$ 2,000,000	Future
	Intelligent Transportation System	Coordinate 26 Traffic Signals	\$ 1,122,238	\$ 1,122,238	\$ 1,122,238			\$ 1,122,238		Completed
	Tanque Verde Rd/ Soldier Trail Rd	Improve Intersection	\$ 2,000,000	\$ 2,000,000					\$ 2,000,000	Future
	Orange Grove Road	Widening, 1st to Camino de Michael	\$ 5,400,000	\$ 1,856,494						Deleted from 2025 IIP
Northwest	Sandario Rd/ Picture Rocks Rd	Improve Intersection	\$ 2,000,000	\$ 2,000,000					\$ 2,000,000	Future
	Twin Peaks Road	Widening, Twin Peaks to Saguaro Highlands	\$ 6,600,000	\$ 1,594,341						Completed***
South	Intelligent Transportation System	Coordinate 8 Traffic Signals	\$ 345,304	\$ 345,304	\$ 345,304			\$ 345,304		Completed
	Andrada Road	Construct New Road W of Houghton Rd	\$ 11,070,000	\$ 5,038,687						Deleted from 2025 IIP
West	Intelligent Transportation System	Coordinate 10 Traffic Signals	\$ 431,630	\$ 431,630	\$ 431,630			\$ 431,630		Completed
	Valencia Road	Widening, Mission to Cardinal Ave	\$ 18,000,000	\$ 18,000,000					\$ 18,000,000	Design
	Camino Verde/Valencia Road	Improve Intersection	\$ 500,000	\$ 500,000					\$ 500,000	Future
	Irvington Road	Construct new Roadway, Sunset to Ajo Way	\$ 5,088,000	\$ 4,107,621					\$ 5,088,000	Future
TOTAL			\$ 201,947,891	\$ 93,911,983	\$ 8,262,272	\$ 8,563,465	\$ 2,732,725	\$ 19,558,462	\$ 100,881,544	

* The Valencia Road widening project is an RTA project being managed by City of Tucson and will be partially reimbursed by Pima County with impact fees. Estimated costs to complete are not known.

** The Valencia Road project was completed in 2020 using a debt instrument that is being repaid with impact fees through 2028.

*** The Twin Peaks Road project was completed by the Town of Marana and will be partially reimbursed by Pima County with impact fees.



MEMORANDUM

Date: May 18, 2026

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: Jan Lesher 
County Administrator

Re: **Roadway Development Impact Fee Audit Fiscal Year 2023/2024**

The Department of Transportation has completed a biennial certified audit of the roadway impact fee program, as required by state statute. Specifically, the audit certified the 2020 Land Use Assumptions, Infrastructure Improvement Plan (IIP), and Development Impact Fees. As required by statute, the report will be published and made available for public review, and a public hearing before the Board of Supervisors will be scheduled within 60 days of posting.

The audit was conducted by Heinfeld, Meech & Co., P.C., a firm that conducts many of the impact fee audits for Arizona municipalities and counties. These audits examine land use assumptions, infrastructure improvement plans, and the collections and expenditures of impact fees. As can be expected, the Pima County audit determined some differences between the forecasts made in 2020 and actual population, employment, and permit activity that occurred in 2023 and 2024.

Actual population growth in 2023 and 2024 was lower than projected in 2020, particularly in 2024 in which population growth was 66 percent lower than projected. Residential building permits were 55 percent higher in 2023 and 91 percent higher in 2024 than projected. Employment was only slightly lower in 2023, and virtually the same in 2024 as projected. These variations do not negatively affect the impact fee program and in fact, the increase in permit activity over the projected levels means that impact fee collections increased at a time when price inflation is increasing transportation project costs. The projections of population, employment, and permits were updated in 2025 and will be evaluated with the next biennial audit.

The audit reviewed building permits during the two-year period and determined that one development project was incorrectly overcharged. This error was corrected and the owner was refunded the excess fee. Of the impact fee project expenditures reviewed, seven relatively small project expenditures were incorrectly charged to impact fees and have been corrected, reimbursing impact fee accounts accordingly.

The audit report includes Appendix A showing a list of all 2020 impact fee projects and their progress as of June 2024. Of the 28 projects, 8 were completed, 4 were under design or construction, 11 were future projects, and 5 were replaced with different projects in the 2025 IIP either because they were no longer needed (Andrada Road) or were determined to be ineligible for impact fee funding and are being funded from other sources such as RTA Next.

The audit report is attached and will be made available for public review. A public hearing, as required, will be scheduled for an upcoming Board of Supervisors meeting.

Attachment

c: Carmine DeBonis, Jr., Deputy County Administrator
Steve Holmes, Deputy County Administrator
Chad Kasmar, Deputy County Administrator
Kathryn Skinner, Director, Department of Transportation