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September 12, 2024

Members of the Arizona Legislature

The Honorable Katie Hobbs, Governor

Mr. Farhad Moghimi, Executive Director
Pima Association of Governments/Regional Transportation Authority

We have issued a 24-month follow-up report regarding the implementation status of the recommendations from the April 2022 *Pima Association of Governments Regional Transportation Authority Plan* report (see report 22-101) conducted by the independent firm Sjoberg Evashenk Consulting, Inc. under contract with the Arizona Auditor General. This audit was in response to Arizona Revised Statutes §41-1279.03, which requires the Arizona Auditor General to conduct a performance audit in the tenth year and in each fifth year thereafter in which a county transportation excise tax is in effect.

The April 2022 report made 5 recommendations to the Pima Association of Governments Regional Transportation Authority. My Office contracted with Sjoberg Evashenk Consulting, Inc. to conduct a 24-month follow-up work with the Pima Association of Governments Regional Transportation Authority, and as of this 24-month follow-up report, all 5 recommendations were in the process of being implemented.

My Office is required to complete the next statutorily required performance audit of the Pima Association of Governments Regional Transportation Authority Plan beginning in calendar year 2026. Therefore, unless otherwise directed by the Joint Legislative Audit Committee, this report concludes our follow-up work on the Pima Association of Governments Regional Transportation Authority's efforts to implement the recommendations from the April 2022 report.

Sincerely,

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

cc: Pima Association of Governments Regional Council Members
Regional Transportation Authority Board Members
Ms. Jennifer Toth, Director, Arizona Department of Transportation



PIMA Association of Governments Regional Transportation Authority Plan 24-Month Follow-Up Report

The April 2022 Pima Association of Governments (PAG) Regional Transportation Authority (RTA) Plan performance audit conducted by the independent firm Sjoberg Evashenk Consulting, Inc., under contract with the Arizona Auditor General, provided information on 51 projects included in the RTA Plan, 45 of which were completed or in progress as of June 30, 2021. The audit report also provided information on an approximate \$149 million funding gap needed to fulfill RTA Plan promised projects that PAG, the RTA, and local jurisdictions are working to address; and performance results related to mobility, congestion, and safety; and included recommendations for strengthening management of costs and funding and continuing to improve PAG and RTA's performance measurement framework. The contractor made 5 recommendations to PAG and/or RTA, and their status in implementing the recommendations is as follows:

Status of 5 recommendations

In process	5
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Chapter 2: While Funding is Reasonably Available for Many Remaining RTA Plan Projects, There is an Estimated \$149 Million Funding Gap Affecting Eleven Projects

To strengthen management of total RTA Plan project costs and funding available to mitigate potential funding gaps, RTA should:

1. On an annual or more frequent basis, require RTA member jurisdictions to submit complete capital project cost estimates and actual expenditure data from regional and local sources. RTA should monitor and summarize the revised cost estimates in addition to all available funding sources to pay for project costs to further enhance RTA's gap analysis.

Implementation in process—In June 2023, RTA staff distributed memos to the City of Tucson and Town of Marana, the two entities with remaining RTA projects, requesting updated cost information. The Town of Marana provided the requested information to RTA staff who used it to guide their analysis of funding gaps and available options to close those gaps as part of developing the statutorily required 5-year PAG Transportation Improvement Program (TIP), which the PAG Regional Council approved in May 2024.

However, although the City of Tucson provided cost estimates to RTA, it did not respond to the RTA request for identification of non-RTA (local) funds to help close the funding gap, despite RTA having also requested the identification of local funds multiple times during public TIP development meetings. RTA also held regionwide meetings to discuss and monitor individual project costs, status, when projects would be construction ready, factors leading to any cost change, available

local and federal funding sources, and any need for funding from RTA Next (a proposed sales-tax continuation/extension in development).

Further, RTA reported it will continue to request updated cost and funding information every June or July from the Town of Marana and City of Tucson as part of its normal transportation planning processes to enhance its gap analysis through the end of the RTA Plan in June 2026. RTA will monitor and summarize the gap analysis when member jurisdictions provide updated cost estimates and available funding data for the remaining RTA projects yet to be completed through June 2026. However, RTA reported that it has limited influence over local jurisdictions such as the City of Tucson to ensure they provide information on allocation of non-RTA local funding to help close the RTA Plan funding gap and to complete the local projects included in the RTA plan.

2. Continue working with local jurisdictions to secure needed non-RTA funding for RTA Plan projects before and after the end of the RTA Plan on June 30, 2026.

Implementation in process—Through discussions at RTA and PAG committee meetings, RTA has worked with the lead local jurisdictions to obtain and refine project cost estimates to more precisely identify funding gaps and to discuss the approach for securing non-RTA funding for the remaining RTA project phases. According to RTA, the amount of available local funds to supplement the sales tax revenue is very limited. However, RTA and local jurisdictions are working together to identify other non-RTA funds, including local general funds and impact fees, to supplement RTA funds for the remaining projects. Specifically, RTA reported that although it needs an estimated \$146 million in local funds for the 2 remaining City of Tucson projects, it was able to identify various non-RTA funding sources to cover the estimated cost increases for all other remaining RTA projects. RTA reported it will continue to meet regularly with RTA member jurisdiction lead agencies on the remaining projects as part of annual budget cycles and transportation planning and will present updated capital project cost information during public meetings of the RTA Board and its committees until the projects are completed after June 2026. However, as mentioned in Recommendation 1, RTA reported that it has limited influence over local jurisdictions to ensure they submit information on allocation of non-RTA local funding to help close the RTA Plan funding gap and to complete the local projects included in the RTA plan.

Chapter 3: Roadway Congestion and Mobility Generally Improved Since 2016, Although PAG and RTA's Performance Measurement Could be Further Developed

To continue improving its performance measurement framework and provide additional accountability, PAG and RTA should consider the following:

3. Formally study and quantify the cost-benefit of obtaining raw performance data including the cost of dedicating resources for data refinement, validation, analysis, and reporting.

Implementation in process—As reported in the initial follow-up, in 2019, PAG contracted with the University of Arizona to complete a formal 3-phase study to compile performance data and develop performance measures. Phase 1, which was completed in April 2021, focused on integrating data from individual roadway intersections into a comprehensive set of region-wide traffic data and creating processes for sampling, refining, and validating traffic source data for analysis and evaluation. Phase 2 has focused on assessing three regional intersection-level

performance measures including traffic congestion delay and how many traffic signal cycles are needed to move vehicles through an intersection, and the final report is anticipated to be available in fall of 2024. Phase 3, which started in October 2023, involves the RTA/PAG and University of Arizona team assessing available performance data from local agencies and developing metrics that could be used for transit, bicycle, and pedestrian modes of transportation across the region in the future. Phase 3 is planned to be completed by the end of fiscal year 2025. Following completion of the phased study, RTA will need to work with the local jurisdictions through the PAG Transportation System and Safety Subcommittee where discussions and implementation strategies will depend on the study.

4. Consider avenues for obtaining actual data such as partnering with other regional or state partners to acquire and prioritize certain key data for performance assessment, in addition to develop a plan with timelines to pursue these avenues so that performance can better be assessed.

Implementation in process—RTA/PAG has continued its existing data collection avenues and collaboration with the Arizona Department of Transportation and local jurisdictions to identify actual data already captured by those entities, such as travel surveys, annual pavement data, and bike counts. RTA/PAG anticipates gathering and summarizing that performance data by the end of fiscal year 2025. Additionally, although PAG had previously funded pavement condition data collected by the City of Tucson, RTA/PAG has initiated new data collection efforts to support performance-based assessments such as hiring an external contractor to collect pavement condition data along the region’s roadways and travel usage and behavior analysis as part of a Household Study and Assessment, paid for by the PAG Regional Council’s fiscal year 2024 and fiscal year 2025 approved budgets. Further, as discussed in Recommendation 3, following completion of the phased University of Arizona study expected by the end of fiscal year 2025, RTA will need to work with the local jurisdictions through the PAG Transportation System and Safety subcommittee where discussions and implementation strategies will depend on the study results and how the jurisdictions on the subcommittee choose to proceed.

5. If modeled data continues to be used for performance measurement, provide sampling and validation of the model output to ensure accuracy of the modeled data. Alternately, provide supplemental or contextual information to the PAG Regional Council and RTA Board of Directors regarding data limitations and caveats on actual versus modeled data.

Implementation in process—RTA/PAG continues to use modeled data for performance measurement. Additionally, RTA/PAG has also worked with national professionals to calibrate and validate its model to best ensure accuracy. RTA/PAG reported that it plans to discuss performance measures from its model, how modeled data is calibrated and validated to ensure accuracy, limitations of the modeled data, and comparisons with actual data in future meetings with the RTA Board and committees and the PAG regional council by end of fiscal year 2025.