



**City of Chandler, 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 CHANDLER, ARIZONA  
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**INDEPENDENT ACCOUNTANT’S REPORT ON  
APPLYING AGREED-UPON PROCEDURES**

Honorable Mayor and Members of the City Council  
City of Chandler

We have performed this agreed-upon procedures engagement to assist management of the City of Chandler, 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 Chandler, 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 1, 2016 through June 30, 2018, as specified in A.R.S. 9-463.05.G.2. Management is responsible for the City of Chandler, 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 purposes.

We have applied the following procedures:

1. Compare growth projections related to dwelling units, population, and the various commercial square footage units as reported in the City’s Land Use Assumptions and Infrastructure Improvements Plan (IIP) to actual current amounts for the proportionate 10-year projections. A list of all variances will be reported.
2. Select a sample of 80 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.
3. Select a sample of 50 expenditures and determine that the expenditure was associated with an approved project in the City’s IIP.
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 step 2 above.

5. Obtain City-prepared report (see Appendix A) documenting the progress of each project identified in the Infrastructure Improvement Plan (IIP) and performed the following procedures:
  - a. Agreed expenditures as of June 30, 2018 to the underlying accounting records.
  - b. Agreed amounts reported as estimated cost to complete to 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, respectively, on compliance with the specified requirements. 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 Chandler, 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  
April 9, 2019

**CITY OF CHANDLER, ARIZONA  
RESULTS OF PROCEDURES**

**PROCEDURE NO. 1**

Compare growth projections related to dwelling units, population, and the various commercial square footage units as reported in the City’s Land Use Assumptions and Infrastructure Improvements Plan (IIP) to actual current amounts for the proportionate 10-year projections. A list of all variances will be reported.

**Exception:**

Variances were noted for growth projections for dwelling units, population, and the various commercial square footage as reported in the Land Use Assumptions and Infrastructure Improvements Plan when compared to actual results.

**Management Response:**

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 exist due to market conditions, demand for various types of land use and structures, the condition of the economy, and the availability of capital. The City of Chandler continues to take into account annual planning projections, entitled projects, and variations in construction permits to augment the equal growth assumptions when forecasting.

**TOTAL SQUARE FOOTAGE**

Note: The cumulative projected amounts for square footage assume equal growth for each year of the 10-year period with the incremental cumulative total presented for each year.

	<b>Cumulative Total as of 2017</b>			
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance %</u>
<b>Industrial</b>				
Citywide	33,242,383	32,182,797	(1,059,586)	-3%
Arterial Streets	14,013,310	13,931,275	(82,035)	-1%
<b>Institutional</b>				
Citywide	9,508,653	10,861,950	1,353,297	14%
Arterial Streets	4,974,033	5,916,778	942,745	19%
<b>Office</b>				
Citywide	8,186,273	7,503,209	(683,064)	-8%
Arterial Streets	3,672,206	3,254,427	(417,779)	-11%
<b>Retail</b>				
Citywide	18,789,018	17,731,937	(1,057,081)	-6%
Arterial Streets	7,272,107	7,416,225	144,118	2%

**CITY OF CHANDLER, ARIZONA  
RESULTS OF PROCEDURES**

PROCEDURE NO. 1 (Continued)

**TOTAL SQUARE FOOTAGE**

	<b>Cumulative Total as of 2018</b>			
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance %</u>
<b>Industrial</b>				
Citywide	34,150,579	35,102,493	951,914	3%
Arterial Streets	14,607,102	15,862,789	1,255,688	9%
<b>Institutional</b>				
Citywide	9,575,508	12,457,968	2,882,460	30%
Arterial Streets	5,010,705	6,488,886	1,478,181	30%
<b>Office</b>				
Citywide	8,576,942	8,178,366	(398,576)	-5%
Arterial Streets	3,944,215	3,464,461	(479,754)	-12%
<b>Retail</b>				
Citywide	19,211,721	18,429,785	(781,936)	-4%
Arterial Streets	7,479,566	7,469,767	(9,798)	0%

**TOTAL HOUSING UNITS AND POPULATION BY SERVICE AREA**

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

	<b>Cumulative Total as of 2017</b>			
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance %</u>
<b>Single Family</b>				
Parks Northwest	11,933	11,644	(289)	-2%
Parks Northeast	34,437	35,099	662	2%
Park Southeast	30,117	32,069	1,952	6%
Citywide	76,487	78,812	2,325	3%
Arterial Streets	46,787	49,226	2,439	5%
<b>MultiFamily</b>				
Parks Northwest	3,627	4,462	835	23%
Parks Northeast	15,004	16,826	1,822	12%
Park Southeast	5,551	5,207	(344)	-6%
Citywide	24,182	26,495	2,313	10%
Arterial Streets	10,507	11,744	1,237	12%
<b>Resident Population</b>				
Parks Northwest	38,627	39,299	672	2%
Parks Northeast	119,066	126,697	7,631	6%
Park Southeast	90,758	90,953	195	0%
Citywide	248,451	256,949	8,498	3%
Arterial Streets	144,756	148,767	4,011	3%

**CITY OF CHANDLER, ARIZONA  
RESULTS OF PROCEDURES**

PROCEDURE NO. 1 (Continued)

	<b>Cumulative Total as of 2018</b>			
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance %</u>
<b>Single Family</b>				
Parks Northwest	11,934	11,703	(231)	-2%
Parks Northeast	34,465	34,733	268	1%
Park Southeast	30,350	32,403	2,053	7%
Citywide	76,748	78,839	2,091	3%
Arterial Streets*	47,027	43,198	(3,829)	-8%
<b>MultiFamily</b>				
Parks Northwest	3,662	4,951	1,289	35%
Parks Northeast	15,113	15,814	701	5%
Park Southeast	5,832	7,117	1,285	22%
Citywide	24,606	27,882	3,276	13%
Arterial Streets*	10,857	11,142	285	3%
<b>Resident Population</b>				
Parks Northwest	38,747	42,175	3,428	9%
Parks Northeast	119,590	127,299	7,709	6%
Park Southeast	91,886	104,251	12,365	13%
Citywide	250,223	273,725	23,503	9%
Arterial Streets*	146,234	142,124	(4,110)	-3%

\*For actual streets figures, the 2018 figures have had a portion of the development area excluded to encourage higher density redevelopment. As a result, actual housing units and population decreased from 2017 to 2018.

PROCEDURE NO. 2

Select a sample of 80 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 50 expenditures and determine that the expenditure was associated with an approved project in the City's IIP.

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.

**CITY OF CHANDLER, ARIZONA  
RESULTS OF PROCEDURES**

PROCEDURE NO. 5

Obtain City-prepared report (see Appendix A) documenting the progress of each project identified in the Infrastructure Improvement Plan (IIP) and performed the following procedures:

- a. Agreed expenditures as of June 30, 2018 to the underlying accounting records.
- b. Agreed amounts reported as estimated cost to complete to underlying accounting records.

No exceptions noted.

**APPENDIX A  
PROGRESS OF INFRASTRUCTURE IMPROVEMENT PLAN PROJECTS**

Note: Any negative amounts presented are expense recoveries from prior years.

Fund	Description	Fiscal Year						Total
<b>415 Arterial Street Impact Fees</b>		<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19 though 2027-28*</b>	<b>Total</b>
6ST311-Price Rd and Queen Creek Intersection		-	-	-	-	(190,862)	-	(190,862)
6ST478-McQueen Rd (Queen Creek Rd to Riggs Rd)		693,261	365,149	401,157	722,149	542	-	2,182,258
6ST482-Gilbert Rd (Germann Rd to Queen Creek Rd)		-	-	-	-	(127,921)	-	(127,921)
6ST548-Queen Creek Rd (McQueen Rd to Gilbert Rd)		-	-	-	262,288	246,143	-	508,431
6ST596-Gilbert Rd (Queen Creek Rd to Riggs Rd)		8,547,368	3,297,428	484,152	20,705	-	-	12,349,653
6ST607-Ocotillo Rd (Arizona Ave to McQueen Rd)		1,335,663	2,245,004	659,940	490	-	-	4,241,096
6ST608-Chandler Heights Rd (Arizona Ave to McQueen Rd)		-	3,775	32,904	114,167	570,702	-	721,548
6ST641-Ocotillo Rd (Cooper Rd to 148th St)		-	-	147,647	513,530	1,670,914	2,840,000	5,172,092
6ST675-Cooper Rd (Queen Creek Rd to Riggs Rd)		-	2,830	13,741	27,077	160,594	2,084,000	2,288,242
6ST692-Chandler Heights Rd (McQueen Rd to Val Vista Dr)		-	-	-	-	181,765	17,312,400	17,494,165
6ST693-Lindsay Rd (Ocotillo Rd to Hunt Hwy)		-	-	-	-	-	16,790,382	16,790,382
6ST721-Alma School Rd (Chandler Blvd to Queen Creek Rd)		-	-	-	-	-	4,645,500	4,645,500
<i>*As programmed in 2019-2028 CIP</i>								
<b>421 Community Park Impact Fees</b>		<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19 though 2027-28*</b>	<b>Total</b>
6PR396-Mesquite Groves Park		1,310	-	-	-	-	-	1,310
<i>*As programmed in 2019-2028 CIP</i>								
<i>Note: This fund was expended and closed as of 6/30/17.</i>								
<b>422 Neighborhood Parks Impact Fees</b>		<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19 though 2027-28*</b>	<b>Total</b>
6PR039-Neighborhood Park Land Acquisition		478	869	3,087	-	-	-	4,434
6PR389-Homestead North Park Site		-	-	-	-	-	95,169	95,169
6PR400-Roadrunner Park		400,208	-	-	-	-	-	400,208
6PR631-Centennial Park Site		68,764	11,553	-	-	-	-	80,317
<i>*As programmed in 2019-2028 CIP</i>								
<b>424 Park Impact Fees</b>		<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19 though 2027-28*</b>	<b>Total</b>
6PR389-Homestead North Park Site		-	-	-	-	-	1,978,831	1,978,831
6PR396-Mesquite Groves Park Site		-	3,764	-	-	-	4,470,682	4,474,446
6PR400-Roadrunner Park Site		716,453	5,872	-	-	-	-	722,326
6PR631-Centennial Park Site		702,813	678,786	12,843	4,672	-	-	1,399,114
6PR638-Valencia Park Site		545,550	817,682	-	-	-	-	1,363,232
6PR639-Citrus Vista Park Site		-	278,330	1,412,990	4,995	-	-	1,696,315
6PR640-Layton Lakes Park Site		-	-	-	141,285	1,191,476	-	1,332,761
<i>*As programmed in 2019-2028 CIP</i>								

**APPENDIX A  
PROGRESS OF INFRASTRUCTURE IMPROVEMENT PLAN PROJECTS**

Fund	Description	Fiscal Year						Total
		2013-14	2014-15	2015-16	2016-17	2017-18	2018-19 though 2027-28*	
<b>425 Parks NW Impact Fees**</b>								
	None	-	-	-	-	-	-	-
	<i>**Have not programmed capital expenditures in these new funds</i>							
<b>426 Parks NE Impact Fees**</b>								
	None	-	-	-	-	-	-	-
	<i>**Have not programmed capital expenditures in these new funds</i>							
<b>427 Parks SE Impact Fees</b>								
	6PR396-Mesquite Groves Park Site	-	-	-	-	-	4,619,918	4,619,918
	6PR629-Lantana Ranch Park Site	-	-	-	-	-	60,000	60,000
	<i>*As programmed in 2019-2028 CIP</i>							
<b>465 Police Impact Fees</b>								
	6PD243-Chandler Heights Substation	-	-	-	-	(59,740)	-	(59,740)
	<i>*As programmed in 2019-2028 CIP</i>							
<b>475 Fire Impact Fees</b>								
	6FI611-Southeast Fire Station	-	-	797	361,261	3,579,131	-	3,941,188
	6FI638-Fire Station No. 1 Relocation	-	3,164,000	147,100	-	-	-	3,311,100
	<i>*As programmed in 2019-2028 CIP</i>							
<b>603 Water System Development Fees</b>								
	WA029-Water Master Plan Update	-	6,609	-	133,055	56,495	650,000	846,159
	WA034-Well Construction/Rehabilitation	486,660	505,275	2,260,447	1,807,500	894,025	-	5,953,906
	WA076-Transmission Mains	1,986,478	238,624	-	-	-	-	2,225,102
	WA334-Joint Water Treatment Plant	-	356	-	6,418,629	19,857,848	-	26,276,834
	WA672-Water Purchases	-	-	-	9,999,788	4,999,940	21,000,000	35,999,728
	<i>*As programmed in 2019-2028 CIP</i>							
<b>604 Water Resource System Development Fees</b>								
	6WW661-Ocotillo Water Reclamation Facility Expansion	-	-	748,052	2,763,414	488,533	-	4,000,000
	<i>*As programmed in 2019-2028 CIP</i>							

**APPENDIX A  
PROGRESS OF INFRASTRUCTURE IMPROVEMENT PLAN PROJECTS**

<b>Fund</b>	<b>Description</b>	<b>Fiscal Year</b>						
<b>610 Reclaimed Water System Development Fees</b>		<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19 though 2027-28*</b>	<b>Total</b>
	WW189-Effluent Reuse-Storage	68,757	335,111	97,991	876,519	15,513	7,030,000	8,423,891
	WW192-Effluent Reuse-Transmission Mains	441,068	464,587	1,422,386	158,361	868,974	500,000	3,855,377

*\*As programmed in 2019-2028 CIP*

<b>614 Wastewater System Development Fees</b>		<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19 though 2027-28*</b>	<b>Total</b>
	WW021-Wastewater Master Plan Update	181,812	25,191	157,935	266,114	112,989	1,250,000	1,994,041
	WW022-Water Reclamation Facility Expansion	3,806,769	292,665	20,126	540	-	-	4,120,101
	WW196-Collection System Facility Improvements	2,447,175	-	-	-	-	-	2,447,175
	WW651-Wastewater Land Acquisition	5,560,271	-	-	-	-	-	5,560,271
	WW642-South Chandler Sewer Line Expansion	2,777	-	-	-	-	-	2,777
	WW661-Ocotillo Water Reclamation Facility Expansion	-	6,268,168	19,505,029	79,677,431	14,085,867	-	119,536,496

*\*As programmed in 2019-2028 CIP*