

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, 2022 through June 30, 2024

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, Arizona

We have performed this agreed-upon procedures engagement to assist management of the City of Chandler, Arizona (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, 2022 through June 30, 2024, as specified in A.R.S. 9-463.05.G.2. City of Chandler, Arizona's management is responsible for its compliance with those requirements.

City of Chandler, 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:

The progress of the infrastructure improvements plan.

- a. Compared growth projections for 2023 and 2024 related to dwelling units, population, and the various commercial square footage units as reported in the Infrastructure Improvement Plan (IIP) to actual results for the proportionate 10-year projections. A list of all variances are reported in the Results of Procedures.
- b. Obtained City-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 impact fees for each project in the plan.

- c. Selected a sample of 80 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.
- d. Selected a sample of 50 expenditures and determined that the expenditures were associated with an approved project in the City's IIP.

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

- e. Evaluated any inequities in implementing the plan or imposing the impact fee through recalculating impact fees at the transaction level for the sample mentioned in procedure c above.
- f. Determined that there were no instances in which the City waived impact fees, except as allowed for under A.R.S. 9-499.10.B and A.R.S. 9-500.18.

The accompanying Results of Procedures describes the items we noted.

We were engaged by City of Chandler, 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 Chandler, Arizona 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 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. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
February 25, 2025

City of Chandler, Arizona
Results of Procedures

Procedure A

Compared growth projections for 2023 and 2024 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.

	Cumulative Total as of 2023			
	Projected	Actual	Variance	Variance %
Industrial				
Citywide	39,591,692	45,598,934	6,007,242	15%
Arterial Streets	19,448,074	24,854,028	5,405,954	28%
Institutional				
Citywide	12,830,405	12,427,817	(402,588)	-3%
Arterial Streets	6,870,343	7,423,899	553,556	8%
Office				
Citywide	10,811,074	7,958,008	(2,853,066)	-26%
Arterial Streets	4,632,474	3,934,941	(697,533)	-15%
Retail				
Citywide	19,244,358	19,390,990	146,633	1%
Arterial Streets	8,104,330	8,335,605	231,275	3%

City of Chandler, Arizona
Results of Procedures

Procedure A (Continued)

Total Square Footage

Cumulative Total as of 2024				
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance %</u>
Industrial				
Citywide	40,489,531	46,146,069	5,656,538	14%
Arterial Streets	20,165,130	25,358,764	5,193,634	26%
Institutional				
Citywide	12,904,892	12,453,049	(451,843)	-4%
Arterial Streets	6,946,634	7,449,131	502,497	7%
Office				
Citywide	11,337,615	8,260,002	(3,077,613)	-27%
Arterial Streets	4,866,077	4,236,935	(629,142)	-13%
Retail				
Citywide	19,407,272	19,554,465	147,193	1%
Arterial Streets	8,231,243	8,495,899	264,656	3%

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.

Cumulative Total as of 2023				
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance %</u>
Single Family				
Parks Northwest	11,733	11,850	118	1%
Parks Northeast	34,995	36,091	1,096	3%
Park Southeast	33,171	34,771	1,601	5%
Citywide	79,898	82,712	2,814	4%
Arterial Streets	43,932	52,930	8,999	20%
Multi-Family				
Parks Northwest	4,990	5,269	279	6%
Parks Northeast	18,023	15,934	(2,089)	-12%
Park Southeast	7,164	9,097	1,933	27%
Citywide	30,177	30,300	123	0%
Arterial Streets	11,430	15,934	4,505	39%
Resident Population				
Parks Northwest	42,332	43,653	1,321	3%
Parks Northeast	132,230	137,664	5,434	4%
Park Southeast	104,771	111,863	7,092	7%
Citywide	279,332	293,180	13,848	5%
Arterial Streets	144,724	175,603	30,879	21%

City of Chandler, Arizona
Results of Procedures

Procedure A (Continued)

	Cumulative Total as of 2024			
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance %</u>
Single Family				
Parks Northwest	11,738	11,853	115	1%
Parks Northeast	35,047	36,176	1,129	3%
Park Southeast	33,324	34,912	1,588	5%
Citywide	80,110	82,941	2,831	4%
Arterial Streets	44,078	53,153	9,075	21%
Multi-Family				
Parks Northwest	4,998	5,334	336	7%
Parks Northeast	18,465	19,019	554	3%
Park Southeast	7,164	9,227	2,063	29%
Citywide	30,627	33,580	2,953	10%
Arterial Streets	11,487	17,238	5,751	50%
Resident Population				
Parks Northwest	42,363	43,827	43,827	3%
Parks Northeast	133,216	140,747	140,747	6%
Park Southeast	104,771	112,554	112,554	7%
Citywide	280,350	297,128	297,128	6%
Arterial Streets	145,244	179,497	179,497	24%

Procedure B

Obtained 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, 2024 to the underlying accounting records.
- b. Agreed amounts reported as estimated cost to complete to underlying accounting records.

No exceptions noted.

Procedure C

Selected 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.

No exceptions noted.

Procedure D

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

No exceptions noted.

City of Chandler, Arizona
Results of Procedures

Procedure E

Evaluated any inequities in implementing the plan or imposing the impact fee through recalculating impact fees at the transaction level for the sample mentioned in procedure c above.

No exceptions noted.

Procedure F

Determined that there were no instances in which the City waived impact fees, except as allowed for under A.R.S. 9-499.10.B and A.R.S. 9-500.18

No exceptions noted.

Appendix A

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

Fund	Description	Fiscal Year										
415 Arterial Street Impact Fees		2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25 though 2033-34*	Total
	6ST311-Price Rd and Queen Creek Intersection	-	-	(190,862)	-	-	-	-	-	-	-	(190,862)
	6ST478-McQueen Rd (Queen Creek Rd to Riggs Rd)	401,157	720,556	542	-	-	-	-	-	-	-	1,122,255
	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	601,762	2,100,347	153,606	-	-	-	-	3,364,147
	6ST596-Gilbert Rd (Queen Creek Rd to Riggs Rd)	484,152	20,705	-	-	-	-	-	-	-	-	504,857
	6ST607-Ocotillo Rd (Arizona Ave to McQueen Rd)	659,940	490	-	(1,011)	-	-	-	-	-	-	659,419
	6ST608-Chandler Heights (Arizona Ave to McQueen Rd)	32,904	114,167	604,636	-	1,182,277	2,983	-	-	-	-	1,936,967
	6ST641-Ocotillo Rd (Cooper Rd to 148th St)	147,647	513,530	1,670,914	-	334,675	48,918	35,048	3,244,472	1,286,816	42,929	7,324,949
	6ST675-Cooper Rd (Queen Creek Rd to Riggs Rd)	13,741	27,498	160,137	-	45,614	2,294,623	2,644,544	556,933	-	39,632	5,782,722
	6ST692-Chandler Heights Rd (McQueen Rd to Val Vista Dr)	-	-	181,765	469,687	119,741	122,793	858,848	5,575,618	5,263,101	10,813,252	23,404,806
	6ST693-Lindsay Rd (Ocotillo Rd to Hunt Hwy)	-	-	-	-	17,915	110,764	84,842	125,002	128,139	28,331,604	28,798,266
	6ST738-Gilbert Rd (Ocotillo Rd to Chandler Heights Rd)	-	-	-	-	213,989	(213,989)	-	-	-	-	-
	6ST745-Alma School Rd (Chandler Blvd to Pecos Rd)	-	-	-	-	-	-	-	-	-	-	-
	6ST746-Alma School Rd (Pecos Rd to Germann Rd)	-	-	-	-	176,985	2,405,803	1,214,127	75,306	22,602	25,613	3,920,436
	6ST747-Alma School Rd (Germann Rd to Queen Creek Rd)	-	-	-	-	-	-	-	-	174,310	1,069,369	1,243,679

*As programmed in 2022-2033 CIP

421 Community Park Impact Fees		2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25 though 2033-34*	Total
6PR396-Mesquite Groves Park	-	-	-	-	-	-	-	-	-	-	-	-

Note: This fund was expended and closed as of 6/30/17.

422 Neighborhood Parks Impact Fees		2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25 though 2033-34*	Total
6PR039-Neighborhood Park Land Acquisition	3,087	-	-	-	-	-	-	-	-	-	-	3,087
6PR044-Tumbleweed Regional Park	41,759	-	-	-	-	-	-	-	-	-	-	41,759
6PR389-Homestead North Park Site	-	-	-	22,445	72,723	-	-	-	-	-	-	95,168
6PR400-Roadrunner Park	-	-	-	-	-	-	-	-	-	-	-	-
6PR631-Centennial Park Site	-	-	-	-	-	-	-	-	-	-	-	-

Note: This fund was expended and closed as of 6/30/20.

424 Park Impact Fees		2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25 though 2033-34*	Total
6PR389-Homestead North Park Site	-	-	-	27,588	25,564	55,091	684,404	2,071,891	-	-	-	2,864,538
6PR390-Homestead South Park Site	-	-	-	-	-	-	-	-	-	-	-	-
6PR396-Mesquite Groves Park Site Phase I	-	-	-	-	-	-	-	-	-	-	-	-
6PR400-Roadrunner Park Site	-	-	-	-	-	-	-	-	-	-	-	-
6PR420-Veteran's Oasis Park Site	-	-	(59,740)	-	-	-	-	-	-	-	(59,740)	
6PR629-Lantana Ranch Park	-	-	-	-	347,469	242,454	-	-	-	-	-	589,923
6PR631-Centennial Park Site	12,843	4,672	-	-	-	-	-	-	-	-	-	17,515
6PR638-Valencia Park Site	-	-	-	-	-	-	-	-	-	-	-	-
6PR639-Citrus Vista Park Site	1,412,990	4,995	-	-	-	-	-	-	-	-	-	1,417,985
6PR640-Layton Lakes Park Site	-	141,285	1,191,476	139,376	-	-	-	-	-	-	-	1,472,137

*As programmed in 2022-2033 CIP

Note: This fund was expended and closed as of 6/30/23.

425 Parks NW Impact Fees	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25 though 2033-34*	Total
None	-	-	-	-	-	-	-	-	-	-	-

**No growth-related capital to construct; collecting fees to repay pledged debt

426 Parks NE Impact Fees	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25 though 2033-34*	Total
None	-	-	-	-	-	-	-	-	-	-	-

**No growth-related capital to construct; collecting fees to repay pledged debt

427 Parks SE Impact Fees	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25 though 2033-34*	Total
6PR396-Mesquite Groves Park Site Phase I	-	-	-	-	-	-	-	-	17,073	32,729,926	32,746,999
6PR629-Lantana Ranch Park Site	-	-	-	-	88,854	990,630	2,013,331	-	-	7,729,908	10,822,722

*As programmed in 2022-2033 CIP

465 Police Impact Fees	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25 though 2033-34*	Total
6PD243-Chandler Heights Substation	-	-	(59,740)	-	-	-	-	-	-	-	(59,740)

**No growth-related capital to construct; collecting fees to repay pledged debt

475 Fire Impact Fees	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25 though 2033-34*	Total
6FI611-Southeast Fire Station	797	361,261	3,579,131	295,842	-	-	-	-	-	-	4,237,031
6FI638-Fire Station No. 1 Relocation	147,100	-	-	-	-	-	-	-	-	-	147,100

**No growth-related capital to construct; collecting fees to repay pledged debt

603 Water System Development Fees	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25 though 2033-34*	Total
6WA029-Water Master Plan Update	68,498	133,055	56,495	1,553	-	-	-	-	-	-	259,600
6WA034-Well Construction/Rehabilitation	2,260,447	1,807,500	894,025	718,077	1,637,212	16,503	18,132	80	29,007	3,052,547	10,433,529
6WA076-Transmission Mains	-	-	-	-	-	-	-	-	-	-	-
6WA334-Joint Water Treatment Plant	-	6,418,629	19,857,848	1,639,976	1,020,748	-	-	-	-	-	28,937,201
6WA672-Water Purchases	-	9,999,788	4,999,940	4,999,940	14,731,755	-	-	-	-	-	34,731,423

**No growth-related capital to construct; collecting fees to repay pledged debt

604 Water Resource System Development Fees	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25 though 2033-34*	Total
6WW661-Ocotillo Water Reclamation Facility Expansion	748,052	2,763,414	488,533	-	-	-	-	-	-	-	4,000,000
6WA672-Water Purchases	-	-	-	-	128,827	-	-	-	-	-	128,827

Note: This fund was expended and closed as of 6/30/20.

610 Reclaimed Water System Development Fees	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25 though 2033-34*	Total
6WW189-Effluent Reuse-Storage	97,991	876,519	15,513	151,138	294,279	210,698	2,171,057	690,757	142,912	178	4,651,043

6WW192-Effluent Reuse-Transmission Mains	1,422,386	158,361	868,974	3,198,432	212,433	1,738	-	-	14,560	227,270	6,104,155
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**As programmed in 2022-2033 CIP*

614 Wastewater System Development Fees	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25 though 2033-34*	Total
6WW021-Wastewater Master Plan Update	157,935	266,114	112,989	3,107	-	-	-	-	-	-	540,145
6WW022-Water Reclamation Facility Expansion	20,126	540	-	-	-	-	-	-	-	-	20,666
6WW196-Collection System Facility Improvements	-	-	-	-	-	-	-	-	-	-	-
6WW651-Wastewater Land Acquisition	-	-	-	-	-	-	-	-	-	-	-
6WW642-South Chandler Sewer Line Expansion	-	-	-	-	-	-	-	-	-	-	-
6WW661-Ocotillo Water Reclamation Facility Expansion	19,505,029	79,677,431	14,085,867	-	-	-	-	-	-	-	113,268,328

***No growth-related capital to construct; collecting fees to repay pledged debt*