



**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, 2020 through June 30, 2022

**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, 2020 through June 30, 2022, 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 2021 and 2022 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, 2022 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  
August 24, 2023

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

**PROCEDURE A**

Compared growth projections for 2021 and 2022 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 2021</b>			
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance %</u>
<b>Industrial</b>				
Citywide	37,796,012	40,508,493	2,712,481	7%
Arterial Streets	18,013,960	19,747,031	1,733,071	10%
<b>Institutional</b>				
Citywide	12,681,430	12,339,915	(341,515)	-3%
Arterial Streets	6,717,760	7,323,197	605,437	9%
<b>Office</b>				
Citywide	10,135,991	8,236,624	(1,899,367)	-19%
Arterial Streets	4,165,269	3,636,165	(529,104)	-13%
<b>Retail</b>				
Citywide	18,918,529	18,870,833	(47,696)	0%
Arterial Streets	7,850,505	8,256,576	406,071	5%

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

PROCEDURE A (Continued)

**TOTAL SQUARE FOOTAGE**

	<b>Cumulative Total as of 2022</b>			
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance %</u>
<b>Industrial</b>				
Citywide	38,693,852	45,475,860	6,782,008	18%
Arterial Streets	18,731,017	24,237,959	5,506,942	29%
<b>Institutional</b>				
Citywide	12,755,918	12,407,444	(348,474)	-3%
Arterial Streets	6,794,051	7,058,323	264,272	4%
<b>Office</b>				
Citywide	10,608,532	7,915,915	(2,692,617)	-25%
Arterial Streets	4,398,871	3,752,388	(646,483)	-15%
<b>Retail</b>				
Citywide	19,081,443	18,771,901	(309,542)	-2%
Arterial Streets	7,977,417	7,689,295	(288,122)	-4%

**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 2021</b>			
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance %</u>
<b>Single Family</b>				
Parks Northwest	11,727	12,211	484	4%
Parks Northeast	34,943	36,000	1,057	3%
Park Southeast	33,017	35,611	2,594	8%
Citywide	79,686	83,822	4,136	5%
Arterial Streets	43,785	47,732	3,947	9%
<b>MultiFamily</b>				
Parks Northwest	4,982	5,269	287	6%
Parks Northeast	17,581	18,049	468	3%
Park Southeast	7,164	9,381	2,217	31%
Citywide	29,728	32,699	2,971	10%
Arterial Streets	11,372	14,584	3,212	28%
<b>Resident Population</b>				
Parks Northwest	42,301	44,574	2,273	5%
Parks Northeast	131,243	137,825	6,582	5%
Park Southeast	104,771	114,730	9,959	10%
Citywide	278,315	297,129	18,814	7%
Arterial Streets	144,204	158,906	14,702	10%

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

PROCEDURE A (Continued)

	<b>Cumulative Total as of 2022</b>			
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance %</u>
<b>Single Family</b>				
Parks Northwest	11,727	11,856	129	1%
Parks Northeast	34,943	33,471	(1,472)	-4%
Park Southeast	33,017	35,611	2,594	8%
Citywide	79,686	80,938	1,252	2%
Arterial Streets	43,785	52,349	8,564	20%
<b>MultiFamily</b>				
Parks Northwest	4,982	5,624	642	13%
Parks Northeast	17,581	20,034	2,453	14%
Park Southeast	7,164	9,381	2,217	31%
Citywide	29,728	35,039	5,311	18%
Arterial Streets	11,372	17,828	6,456	57%
<b>Resident Population</b>				
Parks Northwest	42,301	44,574	2,273	5%
Parks Northeast	131,243	136,438	5,194	4%
Park Southeast	104,771	114,730	9,959	10%
Citywide	278,315	295,741	17,426	6%
Arterial Streets	144,204	178,951	34,747	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, 2022 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.

Exception:

For one of 80 building permits reviewed, the incorrect land use type was utilized for the fee calculation. The Retail Commercial land use type was utilized instead of the Public/Institutional land use type. This resulted in an overcharge of approximately \$14,700.

Management Response:

The City agrees with the error identified when a permit pulled for a religious education center with office space was assigned the office classification instead of institutional, a refund has been issued to the permittee.

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

**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.

**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  
PROGRESS OF INFRASTRUCTURE IMPROVEMENT PLAN PROJECTS**

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

Fund	Description	Fiscal Year							2022-23 through 2031-32*	Total
		2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22		
<b>415 Arterial Street Impact Fees</b>										
	6ST311-Price Rd and Queen Creek Intersection	-	-	(190,862)	-	-	-	-	-	(190,862)
	6ST478-McQueen Rd (Queen Creek Rd to Riggs Rd)	401,157	722,149	542	-	-	-	-	-	1,123,848
	6ST482-Gilbert Rd (Germann Rd to Queen Creek Rd)	-	-	(127,921)	-	-	-	-	-	(127,921)
	6ST548-Queen Creek Rd (McQueen Rd to Lindsay 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	570,702	-	1,182,277	2,983	-	-	1,903,033
	6ST641-Ocotillo Rd (Cooper Rd to 148th St)	147,647	513,530	1,670,914	-	334,675	48,918	35,048	4,382,277	7,133,009
	6ST675-Cooper Rd (Queen Creek Rd to Riggs Rd)	13,741	27,077	160,594	-	45,614	2,294,623	2,644,544	596,565	5,782,758
	6ST692-Chandler Heights Rd (McQueen Rd to Val Vista Dr)	-	-	181,765	469,687	119,741	122,793	858,848	18,407,675	20,160,509
	6ST693-Lindsay Rd (Ocotillo Rd to Hunt Hwy)	-	-	-	-	17,915	110,764	84,842	19,713,656	19,927,177
	6ST738-Gilbert Rd (Ocotillo Rd to Chandler Heights Rd)	-	-	-	-	213,989	(213,989)	-	-	-
	6ST745-Alma School Rd (Chandler Blvd to Pecos Rd)	-	-	-	-	-	-	-	8,280,000	8,280,000
	6ST746-Alma School Rd (Pecos Rd to Germann Rd)	-	-	-	-	176,985	2,405,803	1,214,127	200,712	3,997,627
	6ST747-Alma School Rd (Germann Rd to Queen Creek Rd)	-	-	-	-	-	-	-	4,558,000	4,558,000

\*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	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	Total
6PR039-Neighborhood Park Land Acquisition	3,087	-	-	-	-	-	-	3,087
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 through 2031-32*	Total
6PR389-Homestead North Park Site	-	-	-	27,588	25,564	55,091	684,404	2,658,568	3,451,215
6PR390-Homestead South Park Site	-	-	-	-	-	-	-	-	-
6PR396-Mesquite Groves Park Site	-	-	-	-	-	-	-	-	-
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

425 Parks NW Impact Fees	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23 through 2031-32*	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 through 2031-32*	Total
None	-	-	-	-	-	-	-	-	-

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

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

427 Parks SE Impact Fees	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23 through 2031-32*	Total
6PR396-Mesquite Groves Park Site	-	-	-	-	-	-	-	20,519,300	20,519,300
6PR629-Lantana Ranch Park Site	-	-	-	-	88,854	990,630	2,013,331	6,769,638	9,862,452

\*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 through 2031-32*	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 through 2031-32*	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 through 2031-32*	Total
6WA029-Water Master Plan Update	-	133,055	56,495	1,553	-	-	-	-	191,103
6WA034-Well Construction/Rehabilitation	2,260,447	1,807,500	894,025	718,077	1,637,212	16,503	18,132	3,081,634	10,433,529
6WA076-Transmission Mains	-	-	-	-	-	-	-	-	-
6WA334-Joint Water Treatment Plant	-	6,418,629	19,857,848	1,639,976	1,020,748	-	-	975,052	29,912,253
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	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 through 2031-32*	Total
6WW189-Effluent Reuse-Storage	97,991	876,519	15,513	151,138	294,279	210,689	2,171,057	833,847	4,651,034
6WW192-Effluent Reuse-Transmission Mains	1,422,386	158,361	868,974	3,198,432	212,433	1,738	-	241,830	6,104,155

\*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 through 2031-32*	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	-	-	-	-	-	113,268,327

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