



City of Tempe, Arizona
Report on Applying Agreed-Upon Procedures
Biennial Certification of Land Use
Assumptions, Infrastructure Improvement Plan
and Development Impact Fees
For the Period July 1, 2016 through June 30, 2018

**CITY OF TEMPE, ARIZONA
TABLE OF CONTENTS**

<u>CONTENTS</u>	<u>PAGE</u>
Independent Accountant's Report on Applying Agreed-Upon Procedures	1
Appendix A	3

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Honorable Mayor, Members of the City Council, and Management
City of Tempe, Arizona

We have performed the procedures identified below, which were agreed to by the management of City of Tempe, Arizona, related to the City of Tempe, Arizona's compliance with the requirements set forth in Arizona Revised Statutes (A.R.S.) 9-463.05 for the period from July 1, 2016 through June 30, 2018. Management is responsible for City of Tempe, 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:

The progress of the infrastructure improvements plan.

- a. 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, 2018 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.

- b. 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.
- c. Selected all water, wastewater, and general governmental expenditures greater than \$5,000 and determined that the expenditure was associated with an approved project in the City of Tempe, Arizona's IIP.

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

- d. 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 b. above.
- e. Determined that there were no instances in which the City waived development impact fees.

No exceptions were noted as a result of applying procedure a-e.

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 exam 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 Honorable Mayor, Members of the City Council and management of City of Tempe, 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.
Phoenix, Arizona
December 27, 2018

**APPENDIX A
PROGRESS OF INFRASTRUCTURE IMPROVEMENT PROJECTS**

IIP Project	CIP Program	Growth Cost from IIP (a)	Total Expenditures as of 6/30/18 (b)	Est. Cost to Complete	Est. Completion Date
Fire Station 7	Fire Protection	\$5,677,000	\$626,479	\$5,786,971	June 2019
Fire Apparatus	Fire Protection	\$2,109,000	\$0	\$2,109,000	Ongoing
Police Building	Police Protection	\$10,201,000	\$0	\$10,201,000	Unknown
Rural and University	Transportation and R.O.W	\$729,300	\$0	\$5,610,000	December 2022
Fiber: Elliot, Guadalupe, Warner	Traffic Signals and Street Lighting	\$73,554	\$506,712	\$0	Completed in 2016/17
Rural and Southern	Transportation and R.O.W	\$390,000	\$353,998	\$2,724,002	June 2019
Light Rail Efficiency	Traffic Signals and Street Lighting	\$74,750	\$83,428	\$591,572	December 2018
Fiber Install-Rural Road	Traffic Signals and Street Lighting	\$286,405	\$755,421	\$2,646,624	June 2019
Fiber Install-Broadway Rio	Traffic Signals and Street Lighting	\$43,374	\$303,664	\$0	Completed in 2017/18
East Valley Arterial Congestion Monitor	Traffic Signals and Street Lighting	\$34,500	\$50,333	\$0	Completed in 2017/18
Bus Pullouts	Transit	\$731,900	\$309,704	\$5,320,296	Ongoing
Various Parks Projects	Parks Improvements/Recreation	\$7,960,000	\$0	\$7,960,000	Unknown
McClintock Community Center	Parks Improvements/Recreation	\$1,299,000	\$0	\$1,299,000	2023/24
Multiuse Paths	Transit	\$4,275,000	\$855,208	\$7,534,792	June 2019
Chlorine Generation	Water Treatment Plant Asset Maintenance/Upgrades	\$2,760,000	\$0	\$2,760,000	June 2019
Filter Rehabilitation	Filter Rehabilitation at Water Treatment Plants	\$950,000	\$3,716,911	\$0	Completed in 2017/18
JGMWTP Water Aqueduct Repair and Security	Water Treatment Plant Asset Maintenance/Upgrades	\$1,100,000	\$1,307,366	\$0	Completed in 2016/17
JGMWTP Water Quality Upgrades	JGMWTP Water Quality Upgrades	\$2,071,440	\$1,036,096	\$0	Completed in 2013/14
Ken McDonald Golf Course Recharge Project	Ken McDonald Golf Course Recharge Project	\$2,600,000	\$1,238,581	\$0	Phase 1 completed in 2012/13. Phase 2 expected in 2022.
New Production Wells (9 MGD Addition)	Wells-Asset Maintenance & New Production	\$6,076,763	\$5,565,848	\$16,704	Ongoing
STWTP Improvements	Water Treatment Plant Asset Maintenance/Upgrades	\$331,232	\$729,494	\$0	Completed in 2017/18
STWTP Main Power Building	Water Treatment Plant Asset Maintenance/Upgrades	\$938,000	\$4,573,418	\$0	Completed in 2017/18
WMAT Settlement Agreement	CAP Water Lease - WMAT Quantification Settlement Agreement	\$4,770,168	\$0	\$4,770,168	Unknown
SROG Interceptor Capacity Improvements	SROG-SAI, SRO and 91st Ave WWTP	\$3,393,212	\$188,266	\$15,048	Ongoing
Metering Station Improvements (WW Conveyance)	Wastewater Conveyance System-Mechanical Stations	\$1,154,499	\$1,763,748	\$0	Completed in 2017/18
SRO Biofilter at Airport	SROG-SAI, SRO and 91st Ave WWTP	\$14,766	\$0	Incl in Odor Control Project	Incl in Odor Control Project
SRO/SAI Interceptor Odor Control	SROG-SAI, SRO and 91st Ave WWTP	\$35,326	\$200,778	\$58,088	June 2019
SRO/SAI Interceptor Odor Control Implement	SROG-SAI, SRO and 91st Ave WWTP	\$683,913	\$0	\$683,913	December 2021
Resolution of Digestion System Engineering Issues (Multi Phase Process)	SROG-SAI, SRO and 91st Ave WWTP	\$353,261	\$91,876	\$243,608	June 2019
Outfitting of Additional Solar Sludge Drying Beds	SROG-SAI, SRO and 91st Ave WWTP	\$706,522	\$76,878	\$647,370	June 2020
Improvements to Centrate Treatment Facility	SROG-SAI, SRO and 91st Ave WWTP	\$706,522	\$0	\$0	Unknown

(a) As reported in the Infrastructure Improvement Plans dated March 2014 and August 2015.

(b) As reported in the City of Tempe accounting records.