



**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, 2022 through June 30, 2024

**City of Tempe, Arizona  
Table of Contents**

<b><u>Contents</u></b>	<b><u>Page</u></b>
Independent Accountant’s Report on Applying Agreed-Upon Procedures	1
Summary of Findings	3
Appendix A – Progress of Infrastructure Improvement Plan Projects	4

## Independent Accountant's Report on Applying Agreed-Upon Procedures

Honorable Mayor and Members of the City Council

We have performed this agreed-upon procedures engagement to assist management of the City of Tempe, 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 Tempe, Arizona's management is responsible for its compliance with those requirements.

City of Tempe, 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 population, employment, number of housing units, nonresidential square footage, average daily wastewater flows, and average daily water demand as reported in the Infrastructure Improvement Plan (IIP) to actual results. A list of all variances are reported in the Summary of Findings.
- 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 development impact fees for each project in the plan.*

- c. 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 in the Summary of Findings.
- d. Selected a sample of 25 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 development impact fee.*

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

The accompanying Summary of Findings describes the findings we noted.

We were engaged by City of Tempe, 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 Tempe, 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 Tempe, 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 26, 2025

**City of Tempe, Arizona  
Summary of Findings**

**Finding No. 1**

	<b>2023</b>			
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance %</u>
Population	196,521	192,988	(3,533)	-2%
Employment <sup>1</sup>	209,653	N/A <sup>2</sup>		
Residential Housing Units	89,113	83,039	(6,074)	-7%
Wastewater - average day flows (gallons)	20,889,417	19,371,918	(1,517,499)	-7%
Water - average day demand (gallons)	42,890,657	42,268,397	(622,260)	-1%
<b>Nonresidential Square Footage</b>				
Industrial	29,956,000	30,525,199	569,199	2%
Commercial	14,273,000	14,156,500	(116,500)	-1%
Office	37,986,000	37,922,086	(63,914)	0%
Institutional	15,920,000	14,913,667	(1,006,333)	-6%
Total Nonresidential Square Footage	<u>98,315,000</u>	<u>97,157,452</u>	<u>(617,548)</u>	<u>-1%</u>
<sup>1</sup> Projected employment includes employers of all sizes and the actual employment is based on employers with five or more employees.				
<sup>2</sup> N/A indicates that a figure was not available.				

	<b>2024</b>			
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance %</u>
Population	199,265	193,336	(5,929)	-3%
Employment <sup>1</sup>	212,702	180,240	(32,462)	-15%
Residential Housing Units	91,513	87,663	(3,850)	-4%
Wastewater - average day flows (gallons)	21,201,333	19,033,071	(2,168,262)	-10%
Water - average day demand (gallons)	43,294,917	43,752,224	457,307	1%
<b>Nonresidential Square Footage</b>				
Industrial	30,332,000	30,607,115	275,115	1%
Commercial	14,419,000	14,235,552	(183,448)	-1%
Office	38,587,000	37,955,406	(631,594)	-2%
Institutional	16,260,000	14,913,667	(1,346,333)	-8%
Total Nonresidential Square Footage	<u>99,589,000</u>	<u>97,711,740</u>	<u>(1,886,260)</u>	<u>-2%</u>
<sup>1</sup> Projected employment includes employers of all sizes and the actual employment is based on employers with five or more employees.				

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

IIP Project	CIP Program	Growth Cost from IIP (a)	Total Expenditures as of 6/30/24 (b)	Est. Cost to Complete	Est. Completion Date
Fire Station 8	Fire Protection	\$7,557,000	\$0	\$7,557,000	FY 27/28
Fire Station 7 - Cost Recovery (Project is complete)	Fire Protection	\$2,660,942	\$0	\$2,660,942	FY 27/28
Fire Apparatus	Fire Protection	\$2,109,000	\$448,032	\$2,088,629	FY 29/30
Police Building	Police Protection	\$12,278,446	\$0	\$12,278,446	FY 25/26
Rural and University	Transportation and R.O.W	\$1,670,719	\$1,573,285	\$3,821,715	FY 28/29
Fiber:Elliot, Guad, Warner	Traffic Signals and Street Lighting	\$73,554	\$506,712	\$0	FY 16/17
Rural and Southern	Transportation and R.O.W	\$390,000	\$2,462,796	\$0	FY 20/21
Light Rail Efficiency	Traffic Signals and Street Lighting	\$74,750	\$308,428	\$0	FY 18/19
Fiber Install-Rural Road	Traffic Signals and Street Lighting	\$286,405	\$3,529,550	\$0	FY 19/20
Fiber Install-Broadway Rio	Traffic Signals and Street Lighting	\$43,374	\$303,664	\$0	FY 17/18
East Valley Arterial Congestion Monitor	Traffic Signals and Street Lighting	\$34,500	\$50,333	\$0	FY 17/18
Roundabout: College Ave & Mckellips Rd	Transit	\$229,806	\$0	\$1,094,314	FY 34/35
Pedestrian Separation Intersection - College & University	Transportation and R.O.W	\$1,930,337	\$0	\$5,500,000	FY 34/35
Pedestrian Separation Intersection - Rural & Terrace	Transportation and R.O.W	\$728,724	\$0	\$5,500,000	FY 34/35
Rural Rd & Rio Salado Intersection Improvements	Transportation and R.O.W	\$707,516	\$517,922	\$0	FY 19/20
Downtown ITS	Traffic Signals and Street Lighting	\$252,000	\$291,387	\$929,721	FY 29/30
Fiber Optic: Downtown	Traffic Signals and Street Lighting	\$210,000	\$0	\$1,000,000	FY 29/30
Roundabout: Priest Dr. & Grove Pkwy	Transit	\$449,286	\$122,560	\$0	FY 19/20
Baseline Rd and Rural Rd Intersection Improvements	Transportation and R.O.W	\$326,563	\$0	\$1,045,000	FY 28/29
Bus Pullouts	Transit	\$2,232,694	\$48,182	\$2,351,818	FY 26/27
Park Improvements	Parks	\$18,759,780	\$0	\$18,759,780	FY 34/35
Park Facilities	Parks	\$1,427,078	\$0	\$1,427,078	FY 34/35
Multi-Use Paths	Parks	\$8,027,312	\$0	\$8,027,312	FY 34/35
Pools	Parks	\$3,579,926	\$4,300,001	\$3,370,014	FY 28/29
Chlorine Generation	Water Treatment Plant Asset Maintenance/Upgrades	\$2,760,000	\$854,144	\$0	FY 20/21
Filter Rehab	Filter Rehabilitation at Water Treatment Plants	\$1,051,858	\$3,716,911	\$0	FY 17/18
JGMWTP Water Aqueduct Repair and Security	Water Treatment Plant Asset Maintenance/Upgrades	\$1,100,000	\$1,307,366	\$0	FY 16/17
JGMWTP Water Quality Upgrades	JGMWTP Water Quality Upgrades	\$2,071,440	\$1,036,096	\$0	FY 13/14
Ken McDonald Golf Course Recharge	Ken McDonald Golf Course Recharge Project	\$2,600,000	\$2,407,044	\$0	FY 21/22
New Production Wells (9 MGD Addition)	Wells-Asset Maintenance & New Production	\$10,001,176	\$8,244,521	\$0	FY 23/24
STWTP Improvements - Cost Recovery (Project is complete)	Water Treatment Plant Asset Maintenance/Upgrades	\$331,332	\$743,783	\$0	FY 23/24
STWTP Main Power Building	Water Treatment Plant Asset Maintenance/Upgrades	\$1,302,481	\$4,573,418	\$0	FY 17/18
WMAT Settlement Agreement	CAP Water Lease - WMAT Quantification Settlement Agreement	\$6,235,514	\$0	\$0	FY 23/24
Metering Station Improvements	Wastewater Conveyance System-Mechanical Stations	\$1,154,499	\$1,763,748	\$0	FY 17/18
Spence Diversion & Flow Monitoring Stations	Rio Salado Siphon Capacity Relief	\$500,000	\$0	\$0	FY 21/22
Siphon Outlet Pumping Station	Rio Salado Siphon Capacity Relief	\$6,900,000	\$641,302	\$0	FY 23/24
Recharge Wells	Water Reclamation Facilities Upgrades and Improvements	\$7,375,000	\$2,207,422	\$0	FY 23/24
SROG Interceptor Capacity Improvements	SROG-SAI, SRO and 91st Ave WWTP	\$6,766,541	\$193,824	\$0	FY 23/24
SRO/SAI Interceptor Odor Control	SROG-SAI, SRO and 91st Ave WWTP	\$50,092	\$49,500	\$0	FY 18/19
SRO/SAI Interceptor Odor Control Implementation	SROG-SAI, SRO and 91st Ave WWTP	\$683,913	\$0	\$683,913	Unknown
Resolution of Digestion System Engineering Issues	SROG-SAI, SRO and 91st Ave WWTP	\$375,964	\$552,885	\$0	FY 18/19
Outfitting of Add'l Solar Sludge Drying Beds	SROG-SAI, SRO and 91st Ave WWTP	\$738,110	\$759,356	\$0	FY 19/20

(a) As reported in the Infrastructure Improvement Plans dated February 2020 and October 2021.

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