City of Peoria, Arizona
Report on Applying Agreed-Upon Procedures
Biennial Certification of Land Use
Assumptions, Infrastructure Improvement Plan
and Development Impact Fees
For the Period August 1, 2014 through June 30, 2016

CITY OF PEORIA, ARIZONA TABLE OF CONTENTS

CONTENTS	<u>PAGE</u>
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 City of Peoria, Arizona

We have performed the procedures identified below, which were agreed to by the management of City of Peoria, Arizona, solely to assist the management of City of Peoria, Arizona, in evaluating the City of Peoria, Arizona's compliance with the requirements set forth in Arizona Revised Statutes (A.R.S.) 9-463.05 for the period from August 1, 2014 through June 30, 2016. Management is responsible for City of Peoria, Arizona's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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. Compared growth projections for 2015 and 2016 related to housing units and water and wastewater equivalent dwelling units (EDUs) as reported in the Land Use Assumptions 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, 2016 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.
- d. Selected a sample of 40 expenditures and determined that the expenditure was 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 is 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.

The accompanying Summary of Findings describes the findings we noted.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on compliance. 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 Peoria, Arizona, and is not intended to be and should not be used by anyone other than these specified parties.

Heinfeld, Meech & Co., P.C. Phoenix, Arizona

April 19, 2017

CITY OF PEORIA, ARIZONA SUMMARY OF FINDINGS

FINDING NO. 1

Variances were noted for growth projections related to housing units and water/wastewater equivalent dwelling units (EDUs) as reported in the Land Use Assumptions when compared to actual results. All variances are reported below.

2	2015 and 2016			
	Projected	Actual	Variance	Variance %
Residential Housing Units by Zone:				
South	223	391	168	75%
South Central	194	31	(163)	-84%
North Central	130	352	222	171%
North East	1,237	1,103	(134)	-11%
North West	1,285	865	(420)	-33%
Total Residential Housing Units	3,069	2,742	(327)	-11%
Water Equivalent Dwelling Units (EDUs):				
South of Bell Road	272	405	133	49%
North of Bell Road	1,962	1,088	(874)	-45%
Vistancia	807	621	(187)	-23%
Total Water EDUs	3,041	2,114	(927)	-30%
Wastewater EDUs:				
East of Agua Fria River	1,943	1,876	(67)	-3%
West of Agua Fria River	290	311	21	7%
Vistancia	807	556	(251)	-31%
Total Wastewater EDUs	3,040	2,743	(297)	-10%

FINDING NO. 2

For one of 40 expenditures reviewed, copier service costs of \$29 were allocated to an impact fees fund. These costs were not associated with an approved project in the City's IIP.

TRANSPORTATION - ZONE 2

		Expenditures Related to Impact	Expenditures August 1, 2014	
		Fees Charged Prior	through June 30,	Estimated Cost
Project	Estimated Costs ^a	to August 1, 2014 ^b	2016 ^b	to Complete
91st Ave from Deer Valley Rd to Pinnacle Peak Rd	\$ 6,051,612			\$ 6,051,612
Deer Valley Rd from Lake Pleasant Pkwy to 97th Ave	4,232,396			4,232,396
Deer Valley Rd from 97th Ave to 91st Ave	4,205,090			4,205,090
Jomax Rd from 83rd Ave to 67th Ave	22,064,233			22,064,233
Lone Mountain Pkwy from Lake Pleasant Pkwy to Agua Fria River	14,447,831			14,447,831
83rd Ave from Happy Valley Rd to Jomax	6,791,457			6,791,457
Happy Valley Rd from Terramar Blvd to Lake Pleasant Pkwy	1,819,656			1,819,656
Happy Valley Pkwy from Lake Pleasant Pkwy to Agua Fria River	10,865,867			10,865,867
Outstanding Developer Credits	16,389,334	145,976		16,243,358
Impact Fee Update Studies	37,098			37,098

TRANSPORTATION - ZONE 3

TRANSFORTATION - ZONE 3		Expenditures	Expenditures	
		Related to Impact	August 1, 2014	
		Fees Charged Prior	through June 30,	
		Ŭ		Estimated Cost
Project	Estimated Costs ^a	to August 1, 2014 ^b	2016 ^b	to Complete
Happy Valley Pkwy from Agua Fria River to the Loop 303	\$ 7,274,976			\$ 7,274,976
El Mirage Rd from Vistancia Blvd to Lone Mountain Pkwy	9,165,436	6,072	101	9,159,263
El Mirage Rd from Lone Mountain Pkwy to Twin Buttes Rd	23,298,861			23,298,861
El Mirage Rd from Happy Valley Pkwy to Vistancia Blvd	9,904,541			9,904,541
Lone Mountain Pkwy from Blackstone Dr to El Mirage Rd	1,195,242			1,195,242
Lone Mountain Pkwy from El Mirage Rd to the Loop 303	4,277,085			4,277,085
Lone Mountain Pkwy from the Loop 303 to Agua Fria River	18,153,033			18,153,033
Vistancia Blvd from Lone Mountain Pkwy to Twin Buttes Rd	9,923,363			9,923,363
Twin Buttes Rd from Vistancia Blvd to El Mirage Rd	7,353,639			7,353,639
Bullard Ave from El Mirage Rd to State Route 74	25,560,661			25,560,661
El Mirage Rd from Twin Buttes Rd to Bullard Intersection	5,651,041			5,651,041
Westland Rd from El Mirage Rd to the Loop 303	10,709,156			10,709,156
Westland Rd from Vistancia Blvd to El Mirage Rd	9,356,917			9,356,917
Dixeleta Blvd from Vistancia Blvd to 135th Ave	6,878,549			6,878,549
Jomax Rd from El Mirage Rd to Dysart Rd	6,065,433			6,065,433
Vistancia Blvd from Vistancia Blvd to Bullard Ave	12,860,135			12,860,135
Outstanding Developer Credits	25,292,165		3,493,209	21,798,956
Impact Fee Update Studies	44,596			44,596

a) The source of the information is the City of Peoria 2014 Infrastructure Improvements Plan.

b) The source of the information is the City's financial records.

PARKS

		Expenditures Related to Impact Fees Charged Prior	Expenditures August 1, 2014 through June 30,	Fet	imated Cost
Project	Estimated Costs ^a	to August 1, 2014 ^b	2016 ^b		Complete
99th & Olive Avenue Park	\$ 3,609,500			\$	3,609,500
Camino a Lago Park	1,518,084	1,530,562			-
Camino a Lago Park #2 (The Meadows)	3,193,500				3,193,500
Aloravita South Neighborhood Park	3,684,499				3,684,499
Aloravita North Neighborhood Park	3,483,500				3,483,500
Comm Park #3 - N Peoria (50%)	7,500,000				7,500,000
Comm Park #3 - N Peoria (50%)	7,500,000				7,500,000
Vistancia Neighborhood Park #3 (White Pk)	3,407,499				3,407,499
Comm Park #4 - N Vistancia (land)	4,575,000				4,575,000
Parks, Trails, and OS Master Plan	90,000				90,000
Impact Fee Update Studies	46,682				46,682

PUBLIC SAFETY

		Expenditures Related to Impact	Expenditures August 1, 2014	
		Fees Charged Prior	through June 30,	Estimated Cost
Project	Estimated Costs ^a	to August 1, 2014 ^b	2016 ^b	to Complete
Fire Station #8	\$ 6,056,734			\$ 6,056,734
North Peoria Public Safety Facility	6,179,256			6,179,256
Impact Fee Update Study	35,012			35,012
Pinnacle Peak Public Safety Facility Expansion	9,835,100	1,431,081	2,304	8,401,715
N Peoria Public Safety Facility	9,020,900			9,020,900
Police Vehicle Fleet Expansion	1,577,000	48,066		1,528,934
Impact Fee Update Study	35,012			35,012

a) The source of the information is the City of Peoria 2014 Infrastructure Improvements Plan.

b) The source of the information is the City's financial records.

WASTEWATER - EAST OF AGUA FRIA

Project	Estimated Costs ^a	Expenditures Related to Impact Fees Charged Prior to August 1, 2014 ^b	Expenditures August 1, 2014 through June 30, 2016 ^b	Estimated Cost
18"/21" Sewerline - LPP/Dynamite-Loop 303	\$ 3,194,216	66	2010	\$ 3,194,150
Butler WRF Expansions to 13MGD	1,605,000		768	1,604,232
Agua Fria Lift Station/Water Campus Land Purchase	2,260,100			2,260,100
Beardsley WRF Equipment Upgrade & Expansion to 6MGD	12,941,502			12,941,502

WASTEWATER - WEST OF AGUA FRIA

			Expenditures Related to Impact Fees Charged Prior	Expenditures August 1, 2014 through June 30,	Estimated	d Cost
Project	Estin	nated Costs ^a	to August 1, 2014 ^b	2016 ^b	to Comp	plete
West Agua Fria Wastewater Lines	\$	2,293,890	1,160,380	98,328	\$ 1,03	35,182
Trilogy West 21-24" OS Sewer Line		1,800,000	488,542	65	1,31	11,393
Wastewater Line - El Mirage Road - Vistancia Blvd to Lone Mountain Parkway		370,240			37	70,240
Jomax WRF 1.1MGD Expansion		9,335,625			9,33	35,625

WASTEWATER - WEST AND EAST OF AGUA FRIA

			Expenditures	Expenditures		
			Related to Impact	August 1, 2014		
			Fees Charged Prior	through June 30,	Estir	nated Cost
Project	Estin	ated Costs ^a	to August 1, 2014 ^b	2016 ^b	to	Complete
New River/Agua Fria USP	\$	136,125			\$	136,125
New Kiver/Agua Fila OSI	Ψ	100,120				

WASTEWATER - WEST OF AGUA FRIA AND VISTANCIA

		Expenditures	Expenditures	
		Related to Impact	August 1, 2014	
		Fees Charged Prior	through June 30,	Estimated Cost
Project	Estimated Costs ^a	to August 1, 2014 ^b	2016 ^b	to Complete
Jomax Administration Modular	\$ 187,500			\$ 187,500

a) The source of the information is the City of Peoria 2014 Infrastructure Improvements Plan.

b) The source of the information is the City's financial records.

WASTEWATER - CITYWIDE

			Expenditures Related to Impact Fees Charged Prior	Expenditures August 1, 2014 through June 30,		nated Cost
Project	Estim	ated Costs ^a	to August 1, 2014 ^b	2016 ^b	to	Complete
Utility Billing System	\$	250,000			\$	250,000
Update Water & Wastewater Expansion Fees		212,500				212,500
Integrated Technology/Security/SCADA Master Plan		75,000				75,000
Integrated Utility Infrastructure Master Plan		538,600				538,600

WATER - SOUTH OF BELL RD

		Expenditures	Expenditures	
		Related to Impact	August 1, 2014	
		Fees Charged Prior	through June 30,	Estimated Cost
Project	Estimated Costs ^a	to August 1, 2014 ^b	2016 ^b	to Complete
Project Butler WRF Expansions to 13MGD	Estimated Costs ^a \$ 535,000	to August 1, 2014 ^b	2016 ^b 2,310	to Complete \$ 532,690

WATER - NORTH AND SOUTH OF BELL RD

		Expenditures Related to Impact Fees Charged Prior	Expenditures August 1, 2014 through June 30,	Estimated Cost	
Project	Estimated Costs ^a	to August 1, 2014 ^b	2016 ^b	to Complete	
New River/Agua Fria USP	\$ 708,375			\$ 708,375	
Butler Recharge Wells (9)	3,940,433			3,940,433	
Desert Harbor/Arrowhead Shores Well Mixing	5,461,120			5,461,120	

WATER - NORTH OF BELL RD AND VISTANCIA CFD

		Expenditures	Expenditures	
		Related to Impact	August 1, 2014	
		Fees Charged Prior	through June 30,	Estimated Cost
Project	Estimated Costs ^a	to August 1, 2014 ^b	2016 ^b	to Complete
Jomax Administration Modular	\$ 64,500			\$ 64,500

a) The source of the information is the City of Peoria 2014 Infrastructure Improvements Plan.

b) The source of the information is the City's financial records.

WATER - NORTH OF BELL RD

		Expenditures Related to Impact	Expenditures August 1, 2014		
		Fees Charged Prior	through June 30,	Estimated Cost	
Project	Estimated Costs ^a	to August 1, 2014 ^b	2016 ^b	to Complete	
Pyramid Peak Water Treatment Plant Upgrades	\$ 896,628	713	15,795	\$ 880,120	
Wells (New Wells)	5,514,871	990,286	33,866	4,490,719	
Lk. Pleasant Pkwy. 24" Waterline Dynamite-Loop 303	2,779,501	87,285		2,692,216	
West Agua Fria Water Lines	3,531,829	19,625	153,238	3,358,966	
Lone Mtn Parkway, 36" Waterline/El Mirage-Loop 303	3,743,118	700,423		3,042,695	
Agua Fria West Booster/PRV - Phase I	4,349,254			4,349,254	
Country Club/Union Hills Well Mixing (Well Water Quality Mitigation)	3,425,474	679,116		2,746,358	
Agua Fria Lift Station/Water Campus Land Purchase	760,100			760,100	
Jomax In-line Booster Station Upgrades	1,283,062			1,283,062	
Zone 5/6E Well Reservoir Booster PRV	1,104,900			1,104,900	
Waterline - El Mirage Road - Vistancia Blvd to Lone Mountain Pkwy	716,665			716,665	
Beardsley WRF Equipment Upgrade & Expansion to 6MGD	4,314,502			4,314,502	
CAP Water Treatment Capacity - 10 MGD	105,000,000		794	104,999,206	
Westland Road Reservoir and Booster Station	821,582		4,078	817,504	
Jomax WRF Expansion - 1.1 MGD	3,111,875			3,111,875	

WATER - CITYWIDE

		Expenditures Related to Impact Fees Charged Prior	Expenditures August 1, 2014 through June 30,	Estir	mated Cost
Project	Estimated Costs ^a	to August 1, 2014 ^b	2016 ^b	to Complete	
Update Water & Wastewater Expansion Fees	\$ 212,500			\$	212,500
Utility Billing System	250,000				250,000
White Mtn. Apache Tribe Water Right Purchase	3,607,372				3,607,372
Integrated Technology/Security/SCADA Master Plan	225,000				225,000
Integrated Utility Infrastructure Master Plan	538,600				538,600

a) The source of the information is the City of Peoria 2014 Infrastructure Improvements Plan.

b) The source of the information is the City's financial records.