



City of Avondale, 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 AVONDALE, ARIZONA
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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Honorable Mayor and Members of the City Council

We have performed the procedures identified below, which were agreed to by the management of City of Avondale, Arizona, related to the City of Avondale, 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 Avondale, 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. Compared growth projections for 2017 and 2018 related to population, residential housing units, nonresidential square footage, and employment as reported in the Land Use Assumptions to actual results. A list of all variances are reported.
- b. Obtained City-prepared (see Appendix A) report that summarizes the progress of each project identified in the Infrastructure Improvement Plan (IIP) and performed the following procedures:
 - i. Agreed the projects and their estimated costs to the 2014 IIP.
 - ii. Agreed expenditures as of June 30, 2018 to the underlying accounting records.

The collection and expenditure of development impact fees for each project in the plan:

- c. Selected a sample of 120 building permits 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 folder.
- d. Selected a sample of 25 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 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 there were no instances in which the City waived development impact fees, except as allowed 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.

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 examination 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 management of City of Avondale, 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.

Phoenix, Arizona

November 26, 2019

**CITY OF AVONDALE, ARIZONA
SUMMARY OF FINDINGS**

FINDING NO. 1

Variances were noted for growth projections related to population, residential housing units, nonresidential square footage, and employment as reported in the Land Use Assumptions when compared to actual results. All variances are reported below.

	2017			
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance %</u>
Population	86,926	81,621	(5,305)	-6%
Residential Housing Units	29,826	27,938	(1,888)	-6%
Nonresidential Square Footage (1,000 sf)	11,741	7,716	(4,025)	-34%
Employment	16,920	15,330	(1,590)	-9%

	2018			
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance %</u>
Population	89,572	82,352	(7,220)	-8%
Residential Housing Units	30,481	28,210	(2,271)	-7%
Nonresidential Square Footage (1,000 sf)	12,521	7,747	(4,774)	-38%
Employment	17,976	(a)	(a)	(a)

(a) Information is not available.

FINDING NO. 2

The City has not segregated impact fee activity from non-impact fee activity in the general ledger or through the use of a sub-ledger. This lack of segregation increases the risk that impact fee revenues are misspent, while also limiting management’s ability to demonstrate compliance with statutory requirements.

**CITY OF AVONDALE, ARIZONA
SUMMARY OF FINDINGS**

FINDING NO. 3

For three of 25 impact fee expenditures reviewed, the expenditures were not associated with an impact fee eligible project identified in the Infrastructure Improvement Plan. Additional details are provided below.

Date	Impact Fee Category	Project Description	Amount of Impact Fee Expenditures
3/6/2018	Water	A large portion of the expenditure was related to the Coldwater Booster Station Chlorinator System project, which is ineligible.	\$110,033
2/8/2017	Streets	Purchase of CCTV cameras and equipment.	\$12,696
12/22/2017	Streets	Local match for the Van Buren Multi-Use Path.	\$30,000

FINDING NO. 4

The City reported three projects in the FY17 and FY18 Annual Development Fee Utilization Reports in the amount of \$1,474,601 as funded with impact fees, even though those projects were not eligible for impact fee funding. Additional details are provided below.

Fiscal Year	Impact Fee Category	Project Description	Amount of Impact Fee Expenditures
2018	Streets	Thomas – 99th to 103rd	\$455,754
2018	Streets	Fairway Drive	\$375,895
2018	Streets	Traffic Signal	\$42,952
2017	Streets	Thomas – 99th to 103rd	\$600,000

APPENDIX A

PROGRESS OF INFRASTRUCTURE IMPROVEMENT PLAN PROJECTS

Project Description	IIP Fund	Estimated Cost ^a	Expenditures as of 6/30/18 ^b	Estimated Cost to Complete	FY Budget Plan
Civic Center - Debt Service	General Government	\$ 1,000,000			Retired 7/1/15 - Interfund Loan
Civic Center Library - Debt Service	Library	2,748,155	\$ 1,040,250		Retire 7/1/24
Future Park Improvements	Parks	6,500,000		8,000,000	Future Project
Lakin Fire Station	Fire	4,600,000		5,500,000	Future Project
Vehicle and Equipment	Fire	2,024,500	221,565		Ongoing
Northwest Station Build-Out	Fire	2,000,000	1,949,959		*
Station 173 - Debt Service	Fire	567,298	474,000		Retire 7/1/20
Property and Evidence Room	Police	3,000,000		4,008,441	FY19-20
Lakin Substation	Police	3,000,000		5,000,000	Future Project
Command Vehicle	Police	750,000		376,000	FY20
RWC Radio System Consoles	Police	750,000			Ongoing
RWC Radio System Upgrades	Police	2,218,640			Ongoing
Main Station - Debt Service	Police	152,744	76,000		*
Dysart Rd - Harrison to Lower Buckeye	Streets	2,500,000		1,900,000	Future Project
Avondale Blvd - McDowell to Thomas	Streets	1,000,000		1,975,000	FY20-21
107th Ave and Pierce Traffic Signal	Streets	475,000		475,000	Future Project
Van Buren - El Mirage to 122nd (North half)	Streets	1,500,000		1,975,000	FY22
Avondale Blvd and Lower Buckeye	Streets	600,000		700,000	FY22
El Mirage and Lower Buckeye	Streets	575,000		575,000	FY22
107th Ave and Dealer Drive Traffic Signal	Streets	475,000			Removed from CIP
107th Ave and Roosevelt Traffic Signal	Streets	475,000		475,000	Future Project
119th Ave and McDowell Traffic Signal	Streets	475,000		550,000	FY21
119th Ave and Lower Buckeye Traffic Signal	Streets	475,000		475,000	Future Project
107th Ave and Lower Buckeye	Streets	200,000		475,000	Removed from CIP
Litchfield - Lower Buckeye to Broadway	Streets	4,500,000			Removed from CIP
Central and Lower Buckeye Traffic Signal	Streets	475,000		475,000	Future Project
107th Ave and McDowell Roadway Improvements	Streets	1,900,000	56,955	2,839,000	FY20
Van Buren and 103rd Ave Traffic Signal	Streets	475,000			Future Project
Dysart and Lower Buckeye Traffic Signal	Streets	475,000			Future Project
McDowell - Bridge to Avondale	Streets	1,400,000	1,000,000		*
107th - Van Buren to I-10	Streets	5,600,000	1,401,299		FY22
Van Buren - 107th Ave to Avondale	Streets	6,000,000		1,880,000	Future Project
107th Ave - Van Buren to Buckeye	Streets	5,600,000			Future Project
127th Ave Waterline - Lower Buckeye to Dysart	Water	900,000	865,145		*
99th Ave Waterline - Thomas to McDowell	Water	800,000		800,000	FY23
Avondale Waterline - Lower Buckeye to Gila River	Water	1,000,000	49,750		*
Central Avondale Waterlines - City Center Area	Water	2,700,000			Removed from CIP
Dysart Waterline - Roeser to Southern	Water	1,000,000		1,000,000	Future Project
Dysart Waterline - Whyman to Lower Buckeye	Water	500,000		450,000	FY22
El Mirage Waterline - Buckeye to Southern	Water	3,500,000			Removed from CIP
El Mirage Waterline - Southern to Indian Springs	Water	1,500,000			Removed from CIP
Future Well - North of I-10	Water	2,500,000			Future Project
Future Well - North of Van Buren	Water	2,500,000		2,900,000	Future Project
McDowell Waterline - 117th to Avondale	Water	500,000		300,000	FY22
South Avondale Waterlines - Lower Buckeye to Southern	Water	1,000,000			Removed from CIP
Southern Ave Waterline - Dysart to El Mirage	Water	1,200,000			Removed from CIP
Tertiary Filters	Water	2,000,000			Removed from CIP
Well #22 - Van Buren & Avondale	Water	1,500,000			Future Project
Well #26	Water	2,500,000	500,989	2,800,000	FY19
Well #27	Water	2,500,000	8,008	1,630,566	FY20
Well Acquisition/Relocation McDowell & 107th	Water	2,500,000		2,700,000	Removed from CIP
Wellhead Treatment	Water	1,500,000	4,959,857	626,793	*
Lift Station - Southern and Dysart	Wastewater	3,500,000			Removed from CIP
Southern Ave Sewerline - Dysart to Avondale	Wastewater	3,200,000			Removed from CIP
Phase II Expansion - Reclamation Facility	Wastewater	45,000,000			Future Project
South Avondale / PIR Sewerline	Wastewater	2,800,000			*
Tertiary Filters - WRF	Wastewater	5,400,000			Removed from CIP
Secondary Clarifier - WRF	Wastewater	3,000,000	411,978	3,000,000	FY19
Centrifuge Additional - WRF	Wastewater	1,000,000			Removed from CIP
Central / Western Sewerline Upsizing	Wastewater	1,500,000			*

a) The source of the information in the City of Avondale 2014 Infrastructure Improvements Plan.

b) The source of the information is the City's financial records and includes expenditures of impact fees collected after August 1, 2014.

* Project is complete as of 6/30/18.