

Washington Suburban Sanitary Commission

**System Development Charge
Annual Report
for
Fiscal Year 2016**

Finance Office

February 1, 2017

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The following summary and tables provide an itemized accounting of revenue collected under Section 25-402 of the Public Utilities Article, WSSD Laws, Annotated Code of Maryland known as the "System Development Charge" or SDC. Table A provides a summary of the SDC revenue account. Table B lists each SDC project and the eligible expenditures during the reporting period. Table C contains the amortization schedules for bonds issued in FY'97 and FY'98 and the portion of those bonds required to fund SDC eligible project expenditures.

For the period July 1, 2015 to June 30, 2016 (FY'16), a total of \$27,918,000 in SDC revenue and interest was collected. The amount of \$728,000 was transferred to the Water and Sewer Operating Funds for debt service payments due in FY'16 for the debt incurred in FY'97 and FY'98 to fund growth costs. The amount of \$4,200,000 was transferred to the Water Supply Bond Fund and \$4,400,000 was transferred to the Sewage Disposal Bond Fund to fund SDC eligible projects on a pay-as-you-go or "PAYGO" basis during the fiscal year (Table B). The amount of \$2,684,000 was allocated for reimbursements and uncollected charges. The available account balance at the end of the period is \$28,561,000 (Table A).

During the period, expenditures for SDC eligible water projects totaled \$8,681,712, of which \$4,200,000 was funded on a PAYGO basis and expenditures for SDC eligible sewer projects totaled \$44,281,538, of which \$4,400,000 was funded on a PAYGO basis. Since the amount of SDC eligible expenditures exceeded the collected revenues in FY'16, WSSC is considering issuing new debt in the amount of \$44,363,250 to fund growth projects. Repayment of this debt will be derived from future SDC collections.

In FY'17 the SDC account balance and revenue collections will be dedicated to repay the annual debt service payments for debt issued to fund SDC eligible projects in FY'98 and FY'16, and fund growth projects during the fiscal year on a PAYGO basis. (Amortization schedules for the debt issued in FY'98 and FY'16 for SDC eligible expenditures are provided in Table C).

SYSTEM DEVELOPMENT CHARGE ACCOUNT
(\$ In Thousands)

ACCOUNT BALANCE, JULY 1, 2015	<u>\$12,655</u>
ACCOUNT ADDITIONS:	
SDC Revenue, Net	27,904
Interest Income	<u>14</u>
	<u>27,918</u>
 FUNDS AVAILABLE	 <u>40,573</u>
Less SDC Credit Reimbursement	(172)
Less Amounts Billed But Not Yet Collected	(12)
Less Reserve for SDC Related Reimbursements	<u>(2,500)</u>
	<u>(2,684)</u>
 TRANSFERRED TO OPERATING FUNDS: *	
Water Operating - Debt Service	(213)
Sewer Operating - Debt Service	<u>(515)</u>
	<u>(728)</u>
 FUNDS AVAILABLE AFTER RESERVES AND TRANSFERS	 <u>37,161</u>
 TRANSFERRED TO BOND FUNDS:	
Water Supply Bond	(4,200)
Sewage Disposal Bond	<u>(4,400)</u>
	<u>(8,600)</u>
 AVAILABLE ACCOUNT BALANCE, JUNE 30, 2016	 <u>\$28,561</u>

* Transfers to Operating Funds service FY'97 & FY'98 debt.

SYSTEM DEVELOPMENT CHARGE
FY'16 ELIGIBLE EXPENDITURES

<u>PROJECT NUMBER</u>	<u>PROJECT TITLE</u>	<u>ELIGIBLE AMOUNTS</u>
34.02	Old Branch Avenue Water Main	\$ 115,557
34.03	Water Transmission Improvements 385 Pressure Zone	281,419
34.04	Branch Avenue Water Transmission Improvements	552,190
46.14	Clarksburg Area Stage 3 Water Main, Part 1, 2 & 3	1,864
46.15	Clarksburg Elevated Water Storage Facility	343,595
46.24	Clarksburg Area Stage 3 Water Main, Part 4	19,232
62.05	Clinton Zone Water Storage Facility Implementation	754,507
65.10	St. Barnabas Elevated Tank Replacement	47,673
84.02	Ritchie Marlboro Road Transmission Main & PRV	538,158
105.01	Marlton Section 18 Water Main, Lake Marlton Avenue	1,556
111.05	Hillmeade Road Water Main	17,110
119.01	John Hanson Highway Water Main, Part 1	83,944
120.14	Lakeview at Brandywine Water Main, Part 1	72,155
123.14	Old Marlboro Pike Water Main	5,447
123.20	Oak Grove/Leeland Roads Water Main, Part 2	35,956
127.01	Bi-County Water Tunnel	328,387
137.02	South Potomac Supply Improvement	4,300,724
147.00	Collington Elevated Water Storage Facility	1,182,238
SUB-TOTAL WATER		\$ 8,681,712

SYSTEM DEVELOPMENT CHARGE
FY'16 ELIGIBLE EXPENDITURES

<u>PROJECT NUMBER</u>	<u>PROJECT TITLE</u>	<u>ELIGIBLE AMOUNTS</u>
25.04	Mid-Pike Plaza Sewer Main, Phase 1	\$ 70,007
25.05	Mid-Pike Plaza Sewer Main, Phase 2	53,330
28.18	Konterra Town Center East Sewer	157,785
38.01	Preserve at Rock Creek Wastewater Pumping Station	53,043
43.02	Broad Creek WWPS Augmentation	42,950,157
53.22	Seneca WWTP Expansion, Part 2	576,392
68.01	Landover Mall Redevelopment	248
84.47	Clarksburg Triangle Outfall Sewer, Part 2	9,139
84.65	Tapestry Wastewater Pumping Station	77,921
85.21	Shady Grove Station Sewer Augmentation	82,693
86.19	Karington Subdivision Sewer	3,847
87.15	Rodenhauer Wastewater Pumping Station	154,183
103.16	Cabin John Trunk Sewer Relief	40,495
131.07	Pleasant Valley Sewer Main, Part 1	50,753
131.09	Preserves of Piscataway WWPS Force Main	1,545
SUB-TOTAL SEWER		\$ 44,281,538
FY'16 TOTAL WATER & SEWER		\$ <u>52,963,250</u>

SYSTEM DEVELOPMENT CHARGE
AMORTIZATION SCHEDULE

FY'97

Payment in Fiscal Year	Sewage Disposal Bonds of 1997		Sewer SDC Amortization		Total
	Principal	Interest	Principal	Interest	
"WHEATIES" BONDING:					
1997	<u>\$1,875,000</u>	<u>\$1,315,151</u>	<u>\$486,257</u>	<u>\$341,067</u>	<u>\$827,324</u>
LONG-TERM BONDING:					
1998	1,875,000	1,680,671 **	486,257	435,860	922,117
1999	1,875,000	1,693,594	486,257	439,212	925,469
2000	1,875,000	1,581,094	486,257	410,036	896,293
2001	1,875,000	1,487,344	486,257	385,723	871,980
2002	1,875,000	1,406,718	486,257	364,814	851,071
2003	1,875,000	1,324,218	486,257	343,419	829,676
2004	1,875,000	1,232,812	486,257	319,714	805,971
2005	1,875,000	1,139,062	486,257	295,401	781,658
2006	1,875,000	1,045,312	486,257	271,088	757,345
2007	1,875,000	947,812	486,257	245,803	732,060
2008	1,875,000	849,376	486,257	220,275	706,532
2009	1,875,000	755,626	486,257	195,962	682,219
2010	1,875,000	661,876	486,257	171,649	657,906
2011	1,875,000	568,126	486,257	147,336	633,593
2012	1,875,000	474,376	486,257	123,023	609,280
2013	1,875,000	380,626	486,257	98,710	584,967
2014	1,875,000	286,876	486,257	74,398	560,655
2015	1,875,000	191,250	486,257	49,598	535,855
2016	1,875,000	95,626	486,257	24,799	511,056
2017	0	0	0	0	0
	\$35,625,000	\$17,802,395	\$9,238,883	\$4,616,820	\$13,855,703
TOTAL	\$37,500,000	\$19,117,546	\$9,725,140	\$4,957,887	\$14,683,027
Total FY'97 SDC Eligible Expenditures			\$26,046,381		
Less amount funded from SDC			(16,321,240)		
Total FY'97 SDC Eligible Expenditures not reimbursed from SDC collections			\$9,725,141		
			25.93%		

Percentage of FY 1997 Bonded Debt
** Net of accrued interest of \$125,423.

NOTE: 100% OF WATER BOND EXPENDITURES THAT WERE SDC ELIGIBLE WERE REIMBURSED.
THEREFORE, NO FUNDING SHORTFALL EXISTS IN THE FY1997 WATER FUNDS.

SYSTEM DEVELOPMENT CHARGE
AMORTIZATION SCHEDULE

FY'98

Payment in Fiscal Year	Water Supply Bonds of 1998		Water SDC Amortization		Total
	Principal	Interest	Principal	Interest	
"WHEATIES" BONDING:					
1998	<u>\$2,400,000</u>	<u>\$1,740,715</u>	<u>\$193,661</u>	<u>\$140,462</u>	<u>\$334,123</u>
LONG-TERM BONDING:					
1999	2,400,000	1,920,237 **	193,661	154,948	348,609
2000	2,400,000	1,993,200	193,661	160,835	354,496
2001	2,400,000	1,897,200	193,661	153,089	346,750
2002	2,400,000	1,801,200	193,661	145,342	339,003
2003	2,400,000	1,705,200	193,661	137,596	331,257
2004	2,400,000	1,609,200	193,661	129,849	323,510
2005	2,400,000	1,489,200	193,661	120,166	313,827
2006	2,400,000	1,369,200	193,661	110,483	304,144
2007	2,400,000	1,266,000	193,661	102,156	295,817
2008	2,400,000	1,161,000	193,661	93,683	287,344
2009	2,400,000	1,056,000	193,661	85,211	278,872
2010	2,400,000	948,000	193,661	76,496	270,157
2011	2,400,000	840,000	193,661	67,781	261,442
2012	2,400,000	720,000	193,661	58,098	251,759
2013	2,400,000	600,000	193,661	48,415	242,076
2014	2,400,000	480,000	193,661	38,732	232,393
2015	2,400,000	360,000	193,661	29,049	222,710
2016	2,400,000	240,000	193,661	19,366	213,027
2017	2,400,000	120,000	193,661	9,683	203,344
2018	0	0	0	0	0
	\$45,600,000	\$21,575,637	\$3,679,559	\$1,740,978	\$5,420,537
TOTAL	\$48,000,000	\$23,316,352	\$3,873,220	\$1,881,440	\$5,754,660

Total FY'98 SDC Eligible Expenditures	\$26,907,210
Less amount funded from SDC	(23,034,000)
Total FY'98 SDC Eligible Expenditures not reimbursed from SDC collections	\$3,873,210
Percentage of FY 1998 Bonded Debt	8.07%

** Net of accrued interest of \$168,963

SYSTEM DEVELOPMENT CHARGE
AMORTIZATION SCHEDULE

FY'98

Payment in Fiscal Year	Sewage Disposal Bonds of 1998		Sewer SDC Amortization		Total
	Principal	Interest	Principal	Interest	
"WHEATIES" BONDING:					
1998	<u>\$65,000</u>	<u>\$462,722</u>	<u>\$319</u>	<u>\$2,271</u>	<u>\$2,590</u>
LONG-TERM BONDING:					
1999	650,000	520,911 **	3,191	2,557	5,748
2000	650,000	539,825	3,191	2,650	5,841
2001	650,000	513,825	3,191	2,522	5,713
2002	650,000	487,825	3,191	2,395	5,586
2003	650,000	461,825	3,191	2,267	5,458
2004	650,000	435,825	3,191	2,139	5,330
2005	650,000	403,325	3,191	1,980	5,171
2006	650,000	370,825	3,191	1,820	5,011
2007	650,000	342,875	3,191	1,683	4,874
2008	650,000	314,438	3,191	1,544	4,735
2009	650,000	286,000	3,191	1,404	4,595
2010	650,000	256,750	3,191	1,260	4,451
2011	650,000	227,500	3,191	1,117	4,308
2012	650,000	195,000	3,191	957	4,148
2013	650,000	162,500	3,191	798	3,989
2014	650,000	130,000	3,191	638	3,829
2015	650,000	97,500	3,191	479	3,670
2016	650,000	65,000	3,191	319	3,510
2017	650,000	32,500	3,191	160	3,351
2018	0	0	0	0	0
	\$12,350,000	\$5,844,249	\$60,629	\$28,689	\$89,318
TOTAL	\$12,415,000	\$6,306,971	\$60,948	\$30,960	\$91,908

Total FY'98 SDC Eligible Expenditures	\$8,560,944
Less amount funded from SDC	(8,500,000)
Total FY'98 SDC Eligible Expenditures not reimbursed from SDC collections	\$60,944
Percentage of FY 1998 Bonded Debt	0.49%

** Net of accrued interest of \$44,914