



May 27, 2021

**System Development Charge (SDC) Compliance
Audit – Timothy Branch, Part 9, WSSC Project
No. DA9381P92”**

Project # 21-SDC-06

A Report to:

Commissioners:

Chair, Howard A. Denis
Vice Chair, Keith E. Bell
Fausto R. Bayonet
T. Eloise Foster
Chris Lawson
Sandra L. Thompson

General Manager/CEO:

Carla A. Reid

Corporate Secretary:

Julianne MontesD’Oca, Esq.

Office of the Inspector General

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 Interoffice Memorandum

TO: CHAIR DENIS, VICE CHAIR BELL
 COMMISSIONER BAYONET, COMMISSIONER FOSTER
 COMMISSIONER LAWSON AND COMMISSIONER THOMPSON
 GENERAL MANAGER REID

THRU: ARTHUR A. ELKINS, JR., INSPECTOR GENERAL ^{DS} AE
 OFFICE OF THE INSPECTOR GENERAL

THRU: MAXENE M. BARDWELL, ASSISTANT INSPECTOR GENERAL FOR AUDIT ^{DS} MB
 OFFICE OF THE INSPECTOR GENERAL

FROM: JANICE K. HICKS, SUPERVISORY AUDITOR ^{DS} JKH
 OFFICE OF THE INSPECTOR GENERAL

DATE: MAY 27, 2021

SUBJECT: OFFICE OF THE INSPECTOR GENERAL
 COMPLIANCE AUDIT OF SDC CREDITS AND REIMBURSEMENTS
 TIMOTHY BRANCH, INC.
 TIMOTHY BRANCH, PART 9
 WSSC PROJECT NO. DA9381P92 AND CIP NO. W-120.14

In accordance with Maryland Code Annotated, Public Utilities Article, (2017 Repl. Vol., 2019 Cum. Supp.), § 25-405(d), and Washington Suburban Sanitary Commission's (WSSC) Standard Procedure REG-IFSM-EC-2016-004, the Office of the Inspector General (OIG) audited Timothy Branch, Inc. request for reimbursement of System Development Charges ("SDC") for WSSC Project No. DA9381P92. Under this contract, Timothy Branch, Inc. designed and constructed the water extension located in Prince George's County, Maryland. This project was also approved as a part of WSSC's Capital Improvements Program (CIP). The auditors conducted the audit in accordance with Generally Accepted Government Auditing Standards (GAGAS), except for the peer review requirement.

On May 1, 2020, the parties executed the SDC Credit Agreement (Agreement). The SDC Credits under the Agreement was **\$668,126.00**. Subsequently, Timothy Branch Inc. submitted a request for reimbursement in the amount of **\$452,424.33**. As a result of this audit, the submitted costs were adjusted to comply with REG-IFSM-EC-2016-004.

COMMISSIONERS
GENERAL MANAGER REID
OFFICE OF THE INSPECTOR GENERAL
COMPLIANCE AUDIT OF SDC CREDITS AND REIMBURSEMENTS
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As reflected in the attached Summary of Eligible Qualified Project Costs, this audit determined the actual total eligible Qualified Project costs afforded to Timothy Branch Inc. are **\$381,646**. Accordingly, Timothy Branch, Inc. is authorized to receive SDC credits and reimbursements up to this amount. Further, this Office recommends that WSSC identifies SDC receipts available for reimbursement on a quarterly basis, and process payments to the developer as permitted under REG-IFSM-EC-2016-004.

Attachment

cc: Corporate Secretary, (J. MontesDeOca)
DGM for Operations, (J. Price)
Chief Strategy and Innovation Officer, (T. Allen)
Development Services Division, (R. Chicca)
Permit Services Section Manager, (L. Tapia)
Development Design Section Manager, (T. Gingrich)
Project Manager, (A. Russell)

Attachment

**Summary of Eligible Qualified Project Costs
Contract No. DA9381P92**

Description	Requested Amount	Office of the Inspector General Adjustment	Amount To Timothy Branch, Inc.	Notes
Design Costs	\$ 46,728.71	(\$11,220.97)	\$ 35,507.74	A
Geo-Tech Costs	\$ 13,249.15	0	\$ 13,249.15	B
WSSC Costs	\$ 48,628.22	0	\$ 48,628.22	C
Construction Costs	\$ 321,073.25	(\$45,435.34)	\$ 275,637.91	D
Bond Costs	\$ 4,445.00	0	\$ 4,445.00	E
Overhead Costs	\$ 4,000.00	0	\$ 4,000.00	F
Interest Expense	\$ 14,300.00	(\$14,122.02)	\$ 177.98	G
TOTAL	\$ 452,424.33	(\$70,778.33)	\$ 381,646.00	

NOTES

- A. The contract included CIP and Non-CIP tasks. We allocated the requested Design Costs to reflect the CIP portion of the contract. We also eliminated costs for which the developer did not provide support.
- B. No adjustments warranted for the submitted Geo-Technical Costs.
- C. No adjustments warranted for WSSC Costs.
- D. The contract included CIP and Non-CIP tasks. We allocated the requested costs to reflect the CIP portion of the contract. We also eliminated costs that were not applicable to the CIP portion of the contract.
- E. No adjustment warranted for Bond Costs.
- F. No adjustment warranted for Overhead Costs.
- G. Interest is calculated using WSSC's short-term interest borrowing rate, which was determined to be an annual average rate of .03% over the construction period.