

**FINAL**  
**07/21/2021**




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Interoffice Memorandum

**TO:** CHAIR BELL, VICE CHAIR DENNIS  
 COMMISSIONER BAYONET, COMMISSIONER FOSTER  
 COMMISSIONER LAWSON AND  
 GENERAL MANAGER REID

**THRU:** ARTHUR A. ELKINS, JR., INSPECTOR GENERAL <sup>DS</sup>  
 OFFICE OF THE INSPECTOR GENERAL *AE*

**THRU:** MAXENE M. BARDWELL, ASSISTANT INSPECTOR GENERAL FOR AUDIT <sup>DS</sup>  
 OFFICE OF THE INSPECTOR GENERAL *MB*

**FROM:** DEE TOK, AUDITOR <sup>DS</sup>  
 OFFICE OF THE INSPECTOR GENERAL *DT*

**DATE:** JULY 21, 2021

**SUBJECT: OFFICE OF THE INSPECTOR GENERAL  
 COMPLIANCE AUDIT OF SDC CREDITS AND REIMBURSEMENTS  
 TIMOTHY BRANCH, INC.  
 TIMOTHY BRANCH, PART 22  
 WSSC PROJECT NO. DA9381Q92 AND CIP NO. W-120.14**

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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<sup>1</sup>, the Office of the Inspector General (OIG) audited Timothy Branch, Inc. request for reimbursement of System Development Charges (“SDC”) for WSSC Project No. DA9381Q92. 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 April 21, 2020, the parties executed the SDC Credit Agreement (Agreement). The SDC Credits under the Agreement was \$425,481. Subsequently, Timothy Branch Inc. submitted a request for reimbursement in the amount of \$225,198.55. As a result of this audit, the submitted costs were adjusted to comply with REG-IFSM-EC-2016-004.

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<sup>1</sup> REG-IFSM-EC-2016-004, codified and superseded by Chapter 5.95 of the WSSC Code of Regulations (July 1, 2020).

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COMMISSIONERS  
GENERAL MANAGER REID  
OFFICE OF THE INSPECTOR GENERAL  
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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 **\$196,589.60**. 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 WSSC Code of Regulations.

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)  
Development Project Manager, (I. Andreadis)

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**Attachment**

**Summary of Eligible Qualified Project Costs**  
**Contract No. DA9381Q92**

Description	Requested Amount	Office of the Inspector General Adjustment	Amount To Timothy Branch, Inc.	Notes
Design Costs	\$12,761.61	0	\$12,761.61	A
WSSC Costs	\$17,400.21	0	\$17,400.21	B
Construction Costs	\$170,533.73	(\$13,680.00)	\$156,853.73	C
Bond Costs	\$1,590.00	0	\$1,590.00	D
Overhead Costs	\$8,000.00	(\$702.00)	\$7,298.00	E
Interest Expense	\$15,615.00	(\$14,929.00)	\$686.00	F
<b>TOTAL</b>	<b>\$225,900.55</b>	<b>\$29,311.00</b>	<b>\$196,589.60</b>	

**NOTES**

- A. No adjustment warranted for Design Costs.
- B. No adjustments warranted for WSSC Costs.
- C. 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.
- D. No adjustment warranted for Bond Costs.
- E. Adjustment warranted for Overhead Costs based on the System Development Charge Credit Agreement maximum allowed Administrative Cost.
- F. Interest is calculated using WSSC's short-term interest borrowing rate, which was determined to be an annual average rate of .013% over the construction period.

**Certificate Of Completion**

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Source Envelope:	
Document Pages: 3	Signatures: 0
Certificate Pages: 2	Initials: 3
AutoNav: Enabled	Envelope Originator:
Enveloped Stamping: Enabled	Digdem Tok
Time Zone: (UTC-05:00) Eastern Time (US & Canada)	14501 Sweitzer Lane
	Laurel, MD 20707
	Digdem.Tok@wsscwater.com
	IP Address: 205.167.187.197


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7/21/2021 12:31:01 PM	Digdem.Tok@wsscwater.com	
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**Signer Events**

Arthur Elkins  
 Arthur.Elkins@wsscwater.com  
 WSSC Water  
 Security Level: Email, Account Authentication (Optional)

**Signature**




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 digdem.tok@wsscwater.com  
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 Security Level: Email, Account Authentication (Optional)




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Maxene Bardwell  
 Maxene.Bardwell@wsscwater.com  
 WSSC Water  
 Security Level: Email, Account Authentication (Optional)



Signature Adoption: Pre-selected Style  
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Intermediary Delivery Events	Status	Timestamp
Certified Delivery Events	Status	Timestamp

<b>Carbon Copy Events</b>	<b>Status</b>	<b>Timestamp</b>
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<b>Witness Events</b>	<b>Signature</b>	<b>Timestamp</b>
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<b>Notary Events</b>	<b>Signature</b>	<b>Timestamp</b>
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<b>Payment Events</b>	<b>Status</b>	<b>Timestamps</b>
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