



June 10, 2022

**System Development Charge (SDC) Compliance
Audit – Ripley East, WSSC Project No.
DA5845A15, “Local Service”**

Project #21-SDC-09

A Report to:

Commissioners:

Chair, Keith E. Bell
Vice Chair, Howard A. Denis
Fausto R. Bayonet
T. Eloise Foster
Regina Y. Speed-Bost

General Manager/CEO:

Carla A. Reid

Corporate Secretary:

Julianne MontesD'eOca


Office of the Inspector General


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 Interoffice Memorandum

TO: CHAIR BELL, VICE CHAIR DENIS
 COMMISSIONER BAYONET, COMMISSIONER FOSTER
 COMMISSIONER SPEED-BOST
 GENERAL MANAGER REID

THRU: JON T. RYMER, INSPECTOR GENERAL  OFFICE OF THE INSPECTOR GENERAL

THRU: MAXENE M. BARDWELL, ASSISTANT INSPECTOR GENERAL FOR AUDIT  OFFICE OF THE INSPECTOR GENERAL

FROM: DAISY QIAN, AUDITOR  OFFICE OF THE INSPECTOR GENERAL

DATE: JUNE 10, 2022

**SUBJECT: OFFICE OF THE INSPECTOR GENERAL
 COMPLIANCE AUDIT OF SDC CREDITS AND REIMBURSEMENTS
 8250 GEORGIA, LLC
 RIPLEY EAST
 WSSC PROJECT NO. DA5845A15, LOCAL SERVICE ONLY**

In accordance with Maryland Annotated Code, Public Utilities Article, (2017 Repl. Vol., 2021 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 8250 Georgia, LLC's request for reimbursement of System Development Charges ("SDC") for WSSC Project No. DA5845A15. Under this contract, 8250 Georgia, LLC designed and constructed a sewer extension located in Montgomery County, Maryland. The project provided "local service only," and therefore, meets the SDC requirements. The auditors conducted the audit in accordance with Generally Accepted Government Auditing Standards (GAGAS), except for the peer review requirement.

On March 22, 2018, the parties executed the SDC Credit Agreement (Agreement). The SDC Credits under the Agreement were **\$446,037.56**. On September 30, 2019, the parties executed the Amendment to the Agreement. The SDC Credits under the Amendment Agreement were **\$499,999.99**. Subsequently, 8250 Georgia, LLC submitted a request for reimbursement in the amount of **\$917,115.51**, which includes \$668,115.00 construction costs. As a result of this audit, the submitted costs were adjusted to comply with REG-IFSM-EC-2016-004.

As reflected in the attached Summary of Eligible Qualified Project Costs, this audit determined the actual total eligible Qualified Project costs afforded to 8250 Georgia, LLC are **\$502,670.68**. Accordingly, 8250 Georgia, LLC is authorized to receive SDC credits and reimbursements up to this amount. Further, this Office recommends that WSSC identifies SDC

COMMISSIONERS
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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. Villarraga)

Attachment

**Summary of Eligible Qualified Project Costs
Contract No. DA5845A15**

Description	Requested Amount	Office of the Inspector General Adjustment	Amount To 8250 Georgia, LLC	Notes
Design Costs	\$ 101,154.00	\$ (47,917.25)	\$ 53,236.75	A
Geo-Tech Costs	\$ 11,928.00	\$ (1,514.75)	\$ 10,413.25	B
WSSC Costs	\$ 35,071.00	\$ (0.47)	\$ 35,070.53	C
Construction Costs	\$ 668,115.00	\$ (274,940.90)	\$ 393,174.10	D
Bond Costs	\$ 70,328.00	\$ (69,128.00)	\$ 1,200.00	E
Interest Expense	\$ 24,113.51	\$ (19,032.95)	\$ 5,080.56	F
Permit Costs	\$ 6,406.00	\$ (1,910.51)	\$ 4,495.49	G
TOTAL	\$ 917,115.51	\$ (414,444.83)	\$ 502,670.68	

NOTES

- A. The OIG auditor excluded the requested Design Costs not directly related to the SDC Project and costs for which the developer could not provide support. Further, the auditor adjusted costs not exceeding attachment A of the Amended Agreement.
- B. The OIG auditor excluded Geo-Tech Costs not directly related to the SDC Project.
- C. Minor rounding adjustment warranted for WSSC Costs.
- D. The OIG Auditor excluded the requested Construction Costs not directly related to the SDC project and reduced the costs not exceeding 110% of the contractor bid price.
- E. The OIG auditor excluded the ineligible costs from the requested Bond Costs.
- F. Interest is calculated using WSSC's short-term interest borrowing rate, which was determined to be an annual average rate of 1.01% over the construction period.
- G. The OIG auditor excluded Permit Costs not directly related to the SDC Project.