



October 19, 2022

**System Development Charge (SDC) Compliance Audit –  
The Village of Clagett Farms, Part I  
Project No. DA3882A04, CIP Project Number W-84.01**

Project # 11-SDC-05

A Report to:

**Commissioners:**

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

**General Manager/CEO:**

Carla A. Reid




**Washington Suburban  
Sanitary Commission**


Office of the Inspector General  
14405 Laurel Place, Suite #300  
Laurel, MD 20707  
(301) 206-8300




Interoffice Memorandum

**TO:** CHAIR BAYONET, VICE CHAIR SPEED-BOST  
COMMISSIONER DENIS, AND COMMISSIONER FOSTER  
GENERAL MANAGER/ CEO 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:** JAMES A. WALL, JR., SUPERVISORY AUDITOR  OFFICE OF THE INSPECTOR GENERAL

**DATE:** OCTOBER 18, 2022

**SUBJECT:** **OFFICE OF THE INSPECTOR GENERAL  
COMPLIANCE AUDIT OF SDC CREDITS  
AND REIMBURSEMENTS-TOLL MD V  
LIMITED PARTNERSHIP RITCHIE MARLBORO ROAD  
THE VILLAGE OF CLAGETT FARMS, PART 1  
PROJECT NO. DA3882A04, CIP PROJECT NUMBER W-84.01**

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 ENG 04-01<sup>1</sup>, the Office of the Inspector General (OIG) audited Toll MD V Limited Partnership's (Developer) request for reimbursement of System Development Charges ("SDC") for WSSC Project No. DA3882A04. Under this contract, the Developer 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, except for the peer review requirement.

On April 12, 2007, the parties executed the SDC Credit Agreement (Agreement). The SDC Credits under the Agreement were **\$1,548,012**. Subsequently, the Developer submitted a request for reimbursement in the amount of **\$1,340,535.36**. As a result of this audit, the submitted costs were adjusted to comply with ENG 04-01.

<sup>1</sup> ENG 04-01 superseded by REG-IFSM-EC-2016-004, codified and superseded by Chapter 5.95 of the WSSC Code of Regulations (July 1, 2020).

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As reflected in the attached Summary of Eligible Qualified Project Costs, this audit determined the actual total eligible Qualified Project costs afforded to the Developer are **\$1,124,784.76**. Accordingly, the Developer 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 processes payments to the Developer as permitted under ENG 04-01.

Attachment

cc: Corporate Secretary, (J. M. Montes De Oca)  
Deputy General Manager, (J. Price)  
Chief Strategy and Innovation Officer, (T. Allen)  
Development Services Division, (R. Chicca)  
Permit Services Section Manager, (L. Tapia)  
Development Project Manager, (B. Hall)

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Attachment

**Summary of Eligible Qualified Project Costs**  
**Contract No. DA3882A04**

Description	Requested Amount	Office of the Inspector General Adjustment	Amount To Developer	Notes
Design Costs	\$ 146,881.41	(\$73,753.06)	\$ 73,128.35	A
Geo-Tech Costs	\$ 21,044.40	\$0.00	\$ 21,044.40	B
Permit Costs	\$ 0.00	\$0.00	\$ 0.00	C
WSSC Costs	\$ 112,160.48	\$0.00	\$ 112,160.48	D
Construction Costs	\$ 930,854.53	(\$23,185.00)	\$ 907,669.53	E
Bond Costs	\$ 10,782.00	\$0.00	\$ 10,782.00	F
Overhead Costs	\$ 61,086.14	(\$61,086.14)	\$ 0.00	G
Interest Expense	\$ 57,726.40	(\$57,726.40)	\$ 0.00	H
<b>TOTAL</b>	<b>\$ 1,340,535.36</b>	<b>(\$215,750.60)</b>	<b>\$ 1,124,784.76</b>	

**NOTES**

- A. Design costs were allocated based on costs only related to this project.
- B. There was no adjustment warranted for Geo-Tech Costs.
- C. The Developer did not submit reimbursement for Permit Costs.
- D. There was no adjustment warranted for WSSC Costs.
- E. Construction costs were adjusted in accordance with ENG 04-01. Construction costs that were not supported by canceled checks were eliminated.
- F. There was no adjustment warranted for Bond Costs.
- G. We adjusted the requested overhead rate in accordance with ENG 04-01. The developer did not provide support for Overhead costs.
- H. Interest was calculated using WSSC's short-term interest borrowing rate, which was determined to be an annual average rate of 3.3% over the construction period. The interest amount was reduced for vouchers paid on permits submitted prior to this audit.