



October 19, 2022

**System Development Charge (SDC) Compliance Audit –
The Village of Clagett Farms, Part 2
Project No. DA3882B04, CIP Project Number W-84.01**

Project # 11-SDC-06

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
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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 2
PROJECT NO. DA3882B04, 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 04-01¹, 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. DA3882B04. 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 December 18, 2006, the parties executed the SDC Credit Agreement (Agreement). The SDC Credits under the Agreement were **\$1,030,722**. Subsequently, the Developer submitted a reimbursement request for **\$1,058,656.92 (adjusted after the Developer’s mathematical error, see Note I)**. As a result of this audit, the submitted costs were adjusted to comply with ENG 04-01.

¹ ENG 04-01 superseded by REG-IFSM-EC-2016-004, codified and superseded by Chapter 5.95 of the WSSC Code of Regulations (July 1, 2020).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 **\$958,485.93**. 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)

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Attachment

**Summary of Eligible Qualified Project Costs
 Contract No. DA3882B04**

Description	Requested Amount	Office of the Inspector General Adjustment	Amount To Developer	Notes
Design Costs	\$ 38,940.00	(\$10,650.69)	\$ 28,289.31	A
Geo-Tech Costs	\$ 8,353.40	\$0.00	\$ 8,353.40	B
Permit Costs	\$ 0.00	\$0.00	\$ 0.00	C
WSSC Costs	\$ 72,090.96	(\$900.00)	\$ 71,190.96	D
Construction Costs	\$ 838,347.09	(\$10,714.75)	\$ 827,632.34	E
Bond Costs	\$ 7,096.00	\$0.00	\$ 7,096.00	F
Overhead Costs	\$ 48,241.37	(\$48,241.37)	\$ 0.00	G
Interest Expense	\$ 45,588.10	(\$29,664.18)	\$ 15,923.92	H
TOTAL	\$ 1,058,656.92	(\$100,170.99)	\$ 958,485.93	I

NOTES

- A. We allocated the Design Costs in accordance with ENG 04-01 and eliminated any unsupported costs.
- B. There was no adjustment warranted for Geo-Tech Costs.
- C. The Developer did not submit a reimbursement request for Permit Costs.
- D. WSSC Costs were adjusted in accordance with ENG 04-01 and extra review fees were eliminated.
- 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 as the Developer did not provide support for Overhead Costs.

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- H. Interest was calculated using WSSC's short-term interest borrowing rate, which was determined to be an annual average rate of 3.36% over the construction period. The interest amount was reduced for vouchers paid on permits submitted prior to this audit.
- I. The total amount was adjusted from \$1,106,898.29 to \$1,058,656.92 because the amount for overhead costs were double counted and overstated the total requested amount.