



March 29, 2023

**System Development Charge (SDC) Compliance  
Audit – Cabin Branch, Part 40, WSSC Project No.  
DA5859C15**

Project # 21-SDC-03

A Report to:

**Commissioners:**

Chair, Fausto R. Bayonet  
Vice Chair, Regina Y. Speed-Bost  
Howard A. Denis  
Lynette D. Espy-Williams  
T. Eloise Foster  
Mark J. Smith

**General Manager/CEO:**

Kishia L. Powell

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Interoffice Memorandum

OG #20230323-022134

**TO:** CHAIR BAYONET, VICE CHAIR SPEED-BOST  
COMMISSIONER DENNIS, COMMISSIONER FOSTER  
COMMISSIONER ESPY-WILLIAMS. COMMISSIONER SMITH AND  
GENERAL MANAGER POWELL

**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:** DIGDEM "DEE" TOK, AUDITOR  OFFICE OF THE INSPECTOR GENERAL

**DATE:** MARCH 29, 2023

**SUBJECT:** **OFFICE OF THE INSPECTOR GENERAL  
COMPLIANCE AUDIT OF SDC CREDITS AND REIMBURSEMENTS  
CABIN BRACH MANAGEMENT, LLC  
CABIN BRANCH FORCE MAIN, PART 40  
WSSC PROJECT NO. DA5859C15, CIP NO. S-84-61**

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In accordance with Maryland Code Annotated, 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<sup>1</sup>, the Office of the Inspector General (OIG) audited the Cabin Branch Management, LLC (Cabin Branch) request for reimbursement of System Development Charges (SDC) for WSSC Project No. DA5859C15. Under this contract, Cabin Branch designed and constructed the sewer extension located in Montgomery 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 November 15, 2018, the parties executed the SDC Credit Agreement (Agreement). The SDC Credits under the Agreement were **\$333,280.85**. Subsequently, Cabin Branch submitted a request for reimbursement of **\$242,657.35**. 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 REG-IFSM-EC-2016-004, codified and superseded by Chapter 5.95 of the WSSC Code of Regulations (July 1, 2020).

COMMISSIONERS  
GENERAL MANAGER POWELL  
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 that the actual total eligible Qualified Project costs afforded to Cabin Branch are **\$227,934.81**. Accordingly, Cabin Branch Management, LLC is authorized to receive SDC credits and reimbursements up to this amount. Further, this Office recommends that WSSC identify SDC receipts available for reimbursement quarterly and process payments to the developer as permitted under the REG-IFSM-EC-2016-004.

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)

**Attachment**

**Summary of Eligible Qualified Project Costs  
Contract No. DA5859C15**

Description	Requested Amount	Office of the Inspector General Adjustment	Amount To Cabin Branch Management, LLC	Notes
Design Costs	\$ 34,779.92	(\$29.92)	\$34,750.00	A
Permits Costs	\$ 5,825	-	\$ 5,825	B
Administrative Costs	\$ 10,854.03	-	\$10,854.03	C
Interest Expense	-	1,463.85	\$1,463.85	D
WSSC Costs	\$24,465.37	(\$1,284.37)	\$23,181.00	E
Construction Costs	\$163,635.03	(\$14,872.10)	\$148,762.93	F
Bond Costs	\$ 3,098.00	-	\$3,098.00	G
<b>TOTAL</b>	<b>\$242,657.35</b>	<b>(\$14,722.54)</b>	<b>\$227,934.81</b>	

**NOTES**

- A. The Design Costs were allocated in accordance with REG-IFSM-EC-2016-004 and eliminated any unsupported costs.
- B. The total Permits Costs submitted were supported by evidence and no adjustment was necessary.
- C. The Administrative Costs were based on a settlement agreement between WSSC and the Developer.
- D. Interest was calculated using WSSC's short-term interest borrowing rate, which was determined to be an annual average rate of 1.53% over the construction period and we adjusted the interest in accordance with REG-IFSM-EC-2016-004 by limiting the reimbursable amount to the maximum agreed amount of the signed agreement.
- E. The amount for WSSC Costs was adjusted in accordance with REG-IFSM-EC-2016-004 by limiting the reimbursable amount to the maximum agreed amount of the signed agreement.
- F. The Construction Costs were adjusted in accordance with REG-IFSM-EC-2016-004.
- G. The total Bond Costs submitted were supported by evidence and no adjustment was necessary.